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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORPORATION,
Petitioner,

vs.

AMERICAN MEDICAL ASSOCIATION,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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123 pp

QUESTIONS PRESENTED

1. May private authors use the copyright laws to prevent others, including the government, from publishing and distributing the federal and state laws and regulations they have written?

2. When the federal and state governments adopt a privately written reference work as the official, legally mandated system for obtaining payment under various government-administered health care programs, is the work an uncopyrightable "system" under 17 U.S.C. § 102(b)?

LIST OF PARTIES TO THE PROCEEDINGS PURSUANT TO RULES 14.1(b) AND 29.6

Pursuant to Supreme Court Rule 14.1(b), Petitioner certifies that the names of all parties to this proceeding appear in the caption of this Petition for Writ of Certiorari.

Pursuant to Supreme Court Rule 29.6, Petitioner certifies that it has no parents, subsidiaries, or affiliates.

TABLE OF CONTENTS

Page #

REPORTED DECISIONS 2

STATEMENT OF JURISDICTION 2

CONSTITUTIONAL PROVISIONS, STATUTES AND REGULATIONS INVOLVED 3

STATEMENT OF THE CASE 4

A. The History of Privately Drafted Laws 4

B. *The Physicians' Current Procedural Terminology* Coding Book 6

C. The United States And State Governments Have Adopted The CPT As Part Of Their Laws 7

D. The Proceedings Below 10

SUMMARY OF ARGUMENT 12

REASONS FOR GRANTING THE WRIT 15

TABLE OF CONTENTS
(Cont'd.)

Page #

I. WHETHER PRIVATE AUTHORS MAY PREVENT PUBLICATION AND DISTRIBUTION OF THE LAWS THEY HAVE WRITTEN IS AN ISSUE OF GREAT NATIONAL IMPORTANCE 15

II. THE CIRCUITS ARE SHARPLY DIVIDED OVER THE COPYRIGHTABILITY OF PRIVATELY DRAFTED LAWS 18

A. The Decisions Of The First, Second, And Ninth Circuits Are In Conflict 18

B. This Court May Resolve The Circuit Conflict Without Reaching The Constitutional Questions Addressed By The First, Second, And Ninth Circuits .. 23

III. THE CIRCUITS ARE ALSO SPLIT OVER WHETHER A FUNCTIONAL SYSTEM MAY BE PROTECTED BY COPYRIGHT 25

CONCLUSION 30

TABLE OF CONTENTS
(Cont'd.)

Page

APPENDIX A
Opinion, U.S. Court of Appeals for the Ninth Circuit, Filed August 6, 1997 .... A1

APPENDIX B
Order Denying Petition for Rehearing, U.S. Court of Appeals for the Ninth Circuit, Filed December 23, 1997 .. B1

APPENDIX C
Order Amending Opinion, U.S. Court of Appeals For the Ninth Circuit, Filed January 9, 1998 ..... C1

APPENDIX D
Order Granting Motion to Stay Mandate, U.S. Court of Appeals for the Ninth Circuit, Filed January 16, 1998 ... D1

APPENDIX E
Order Granting Motion for Summary Judgment, U.S. District Court for the Central District of California, Filed December 8, 1994 ..... E1

TABLE OF CONTENTS
(Cont'd.)

Page

APPENDIX F
Order Granting Preliminary Injunction, U.S. District Court for the Central District of California, Filed December 8, 1994 ..... F1

APPENDIX G
Additional Statutes and Regulations Involved G1

APPENDIX H
AMA Letter to U.S. Supreme Court, Submitted September 22, 1997 ..... H1

APPENDIX I
PMIC Letter to U.S. Supreme Court, Submitted September 5, 1997 ..... I1

TABLE OF AUTHORITIES

Page #

CASES

American Dental Ass'n v. Delta Dental Plans Ass'n,
126 F.3d 997 (7th Cir. 1997) 26,27

Apple Computer, Inc. v. Franklin Computer Corp.,
714 F.2d 1240 (3d Cir. 1983) 26

Baker v. Selden,
101 U.S. 99 (1880) 25,26

Banks v. Manchester,
128 U.S. 244 (1888) 15,19

Bellsouth Adver. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc.,
999 F.2d 1436 (11th Cir. 1993) 23

Brief English Sys., Inc. v. Owen,
48 F.2d 555 (2d Cir. 1931) 25,27

Building Officials & Code Admin. v. Code Tech., Inc.,
628 F.2d 730 (1st Cir. 1980) . . . . . *passim*

TABLE OF AUTHORITIES
(Cont'd.)

Page #

CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports,
44 F.3d 61 (2d Cir. 1994) 5,21,22

CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc.,
97 F.3d 1504 (1st Cir. 1996) 27

Connecticut v. Gould,
34 F. 319 (C.C.N.D.N.Y. 1888) 15,16

Davidson v. Wheelock,
27 F. 61 (C.C.D. Minn. 1866) 16

Feist Publications v. Rural Tel. Serv.,
499 U.S. 340 (1991) 16,23

Georgia ex rel. v. Harrison Co.,
548 F. Supp. 110 (N.D. Ga. 1982) 16

Harper & Row Publishers, Inc. v. Nation Enters.,
471 U.S. 539 (1985) 23

Herbert Rosenthal Jewelry Corp. v. Kalpakian,
446 F.2d 738 (9th Cir. 1971) 23

TABLE OF AUTHORITIES
(Cont'd.)

Page #

Kern River Gas Transmission Co. v. Coastal Corp.,
899 F.2d 1458 (5th Cir. 1990) 23

Lotus Dev. Corp. v. Borland Int'l, Inc.,
49 F.3d 807 (1st Cir. 1995),
aff'd by an equally divided Court,
516 U.S. 233 (1996) 27,28,30

Mazer v. Stein,
347 U.S. 201 (1954) 23

NADA Servs. Corp. v. CCC Info. Servs., Inc.,
Case No. 91-C-4593, 1991 U.S. Dist.
LEXIS 18874 (N.D. Ill. Nov. 14, 1991) . . . 22

Nash v. Lathrop,
142 Mass. 29, 6 N.E. 559 (1886) 16

Publications Int'l, Ltd. v. Meredith Corp.,
88 F.3d 473 (7th Cir. 1996) 27

Toro Co. v. R & R Prods. Co.,
787 F.2d 1208 (8th Cir. 1986) 26,27,29

TABLE OF AUTHORITIES
(Cont'd.)

Page #

Warren Publ'g, Inc. v. Microdos Data Corp.,
115 F.3d 1509 (11th Cir.) (*en banc*),
cert. denied, 118 S. Ct. 397 (1997) 27

Wheaton v. Peters,
33 U.S. (8 Pet.) 591 (1834) 15-19

OTHER AUTHORITIES

U.S. Const. amend. V. 3

17 U.S.C. § 102 ..... *passim*

28 U.S.C. § 1254 2

28 U.S.C. § 1292 2

28 U.S.C. § 1331 2

28 U.S.C. § 1338 2

42 U.S.C. § 1320d (Supp. 1997) 3,9

42 U.S.C. § 1320d-2 (Supp. 1997) 9

TABLE OF AUTHORITIES
(Cont'd.)

Page #

42 U.S.C. § 1320d-4 (Supp. 1997) 9

42 U.S.C. § 1320d-5 (Supp. 1997) 9

Omnibus Budget and Reconciliation Act of 1986,
Pub. L. No. 99-509 § 9343,
100 Stat 2040 (1986). 3,8

Health Insurance Portability and Accountability Act of 1996,
Pub. L. No. 104-191,
110 Stat. 2021 (1996) 3,9

20 C.F.R. § 10.411 (1997) 3,9

37 C.F.R. §§ 10.20, *et seq.* (1997) 4

42 C.F.R. § 433.112 (1997) 3,8

42 Fed. Reg. 13262 (1977) 7

50 Fed. Reg. 40895 (1985) 8

51 Fed. Reg. 8280 (1986) 9

58 Fed. Reg. 57643 (1993) 17

TABLE OF AUTHORITIES
(Cont'd.)

Page #

58 Fed. Reg. 63689 (1993) 8

61 Fed. Reg. 59556 (1996) 8

CAL CODE REGS. tit. 1, § 20 (1994) 4,9

CAL CODE REGS. tit. 22, § 51050 (1994) 4,9

CAL CODE REGS. tit. 22, § 51518 (1994) 9

State Medicaid Manual,
Ch. 11 § 11300 3-4,8

American Bar Association,
Model Rules of Professional Responsibility (1993) 4

Uniform Laws Annotated Directory of Uniform Acts and Codes (1994) 4

Status of Substantive Penal Law Revision: Annual Report,
60 A.L.I. Proc. 560 (1983) 4

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(Cont'd.)

Page #

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Copyright §§ 2.3.1.1, 2.3.2
(2d ed. 1996) 23,26

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Nimmer on Copyright § 13.03[B][3]
(1996) 23

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Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations, 36 UCLA L. Rev. 719
(1989) 16

PETITION FOR WRIT OF CERTIORARI

Petitioner Practice Management Information Corporation ("PMIC") respectfully petitions this Court for a writ of certiorari to review the decision below of the Court of Appeals for the Ninth Circuit. The Ninth Circuit held that the American Medical Association, a private author, may maintain copyrights in a medical coding system despite its adoption into law by the federal and state governments. That system, entitled *Physicians' Current Procedural Terminology*, governs the reimbursement of physicians for services performed under Medicare, Medicaid, and other government-administered health care programs.

PMIC has previously filed a Petition for Writ of Certiorari in this same case. Respondent, the American Medical Association ("AMA"), opposed PMIC's Petition solely on the ground that the Petition was premature. *See* Appendices H & I. By a letter and phone call to this Court, the AMA argued that this Court should not consider PMIC's Petition while the AMA's Petition for Rehearing was still pending in the Court of Appeals. *Id.* After receiving the AMA's argument, this Court denied PMIC's Petition. *See* 118 S. Ct. 339 (Docket No. 97-401). The Court of Appeals has since denied the AMA's Petition for Rehearing. *See* Appendix B. PMIC's Petition is now ripe, and PMIC respectfully requests this Court's consideration of this Petition.

REPORTED DECISIONS

The Ninth Circuit's decision is reported at 121 F.3d 516, and is reprinted in Appendix A. After denying rehearing, the Ninth Circuit amended its opinion. That amendment is not yet reported, but is reprinted in Appendix C. The District Court's decision granting summary judgment is reported at 877 F. Supp. 1386, and is reprinted in Appendix E. The District Court's decision enjoining PMIC from publishing *Physicians' Current Procedural Terminology* is reported at 877 F. Supp. 1394, and is reprinted in Appendix F.

STATEMENT OF JURISDICTION

This Court has jurisdiction under 28 U.S.C. § 1254(1) to review the Court of Appeals' August 6, 1997 decision upholding the validity of the American Medical Association's copyright. The Court of Appeals had jurisdiction under 28 U.S.C. § 1292. The District Court had jurisdiction over this copyright case under 28 U.S.C. §§ 1331, 1338.

CONSTITUTIONAL PROVISIONS, STATUTES AND REGULATIONS INVOLVED

A. The following constitutional and statutory provisions are relevant to the issues raised by this Petition.

U.S. Const. amend. V:

[No person shall] be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

17 U.S.C. § 102(b):

In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

B. The following statutes and regulations illustrate the adoption of *Physicians' Current Procedural Terminology* into federal and state law, and are reprinted in Appendix G: *Health Insurance Portability and Accountability Act of 1996*, Pub. L. No. 104-191, 110 Stat. 2021 (1996), 42 U.S.C. § 1320d *et seq.*; *Omnibus Budget and Reconciliation Act of 1986*, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040 (1986); 20 C.F.R. § 10.411(c) (1997); 42 C.F.R. § 433.112(b) (1997); *State Medicaid*

Manual, Ch. 11 § 11300; CAL CODE REGS. tit. 1, § 20(e) (1994); CAL CODE REGS. tit. 22, § 51050 (1994).

STATEMENT OF THE CASE

A. The History of Privately Drafted Laws

For many years, private authors have written model codes and other works which were later adopted into law. For example, in the early 1950s, the American Law Institute completed the *Uniform Commercial Code* which has been adopted into law in 49 of the 50 states. *See Uniform Laws Annotated Directory of Uniform Acts and Codes* (1994). Later, the American Law Institute authored the *Model Penal Code* which has been adopted into law by various states. *See Status of Substantive Penal Law Revision: Annual Report*, 60 A.L.I. Proc. 560-63 (1983). Similarly, the American Bar Association authored the *Model Rules of Professional Responsibility* and the *Model Code of Professional Responsibility*, which have been adopted into law by various state and federal agencies. *See* American Bar Association, *Model Rules of Professional Responsibility* at viii (1993); 37 C.F.R. §§ 10.20 - 10.112 (1997) (adopting the *Model Code* for practice before the United States Patent & Trademark Office).

Traditionally, these law-writing organizations have not asserted any copyrights in their works after their adoption as law. Thus, there is no reported decision in which the American Law Institute or American Bar

Association attempted to enjoin a state or a private publisher from publishing and distributing a state's commercial code, penal code, or rules of professional responsibility.

Recently, however, some authors have claimed the right to enjoin publication of the laws they have written. For example, the private author of the Massachusetts Building Code unsuccessfully attempted to enjoin its publication by another publisher. *See Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980) (*BOCA*). Other private authors have been more successful enforcing a copyright in the laws they have written. For example, the compiler of the insurance reimbursement rates set by the laws of New York and New Jersey has successfully enjoined publication of these legally mandated rates by others. *See CCC Info. Servs. v. Maclean Hunter Mkt. Reports*, 44 F.3d 61 (2d Cir. 1994).

In reliance upon *CCC*, many private authors of state and municipal fire and safety codes now claim a copyright in their works. Indeed, in a brief filed in the Ninth Circuit in the present case, various drafters of model codes and standards each asserted copyrights in the federal and state laws and regulations which they had written. *See Ninth Circuit Joint Br. of Amici Curiae*; A7 & n.6.

In the present case, the AMA claims a copyright in a work which the federal and state governments have adopted into law. This work is entitled *Physicians' Current Procedural Terminology*, and is commonly known

as "the CPT" or "CPT-4." To better understand the issues raised by this Petition, it is helpful to have an understanding of the CPT and its role in federal and state law.

B. The *Physicians' Current Procedural Terminology* Coding Book

The CPT was first published by the AMA in 1966, and is revised annually by the AMA. E2-E3. The CPT consists largely of a list of thousands of five-digit code numbers, each followed by a definition of the code number. *Id.* The definition is a description of the particular medical procedure which the code number represents. For example, code number 92950 is defined by the CPT as "cardiopulmonary resuscitation." *See Physicians' Current Procedural Terminology* 605 (1994). A sample section of the CPT, relating to the destruction of lesions, is reproduced below:

17260	Destruction, malignant lesion, any method, trunk, arms or legs; lesion diameter 0.5 cm or less
17261	lesion diameter 0.6 to 1.0 cm
17262	lesion diameter 1.1 to 2.0 cm
17263	lesion diameter 2.1 to 3.0 cm
17264	lesion diameter 3.1 to 4.0 cm
17265	lesion diameter over 4.0 cm.

Id. at 118.

The CPT must be used by physicians to obtain reimbursement for their medical services from the federal government, state governments, and private insurers. E3. The physician finds the most accurate description of the medical service performed, locates the corresponding CPT code number, and writes the code number on the appropriate reimbursement form. *Id.* Thus, a physician who performed cardiopulmonary resuscitation would enter "92950" on a reimbursement form; and a physician who destroyed a 3.5 cm lesion on a patient's arm would enter "17264."

C. The United States And State Governments Have Adopted The CPT As Part Of Their Laws

In 1983, the AMA entered into a copyright license agreement with the Health Care Financing Administration ("HCFA").[1] Under the agreement, the AMA permitted HCFA to use the CPT coding system in its administration of the federal Medicare and Medicaid programs. In exchange for this license, HCFA agreed to use its regulatory powers as a federal agency to require the public to use the CPT in all programs administered by HCFA. *See* E4. The agreement does not permit HCFA to

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[1] HCFA is an agency of the United States government within the United States Department of Health and Human Services. *See* 42 Fed. Reg. 13262 (1977) (establishing HCFA).

distribute the CPT to the public, and HCFA does not do so. In addition, the agreement prohibited HCFA from using any medical coding system other than the CPT. *See* A12-A13.

To implement this agreement, HCFA incorporated the CPT into its regulations. E5. These regulations require physicians to identify their medical services by CPT code number in their communications with HCFA regarding Medicare and Medicaid. Physicians cannot receive payment under Medicare or Medicaid if they merely describe their services to HCFA using medical terminology, or identify their services using another medical procedure coding system. They must identify their services by CPT code number in order to obtain payment from the federal government.[2]

In addition, HCFA has incorporated the CPT into the Medicare Fee Schedule, published annually in the *Federal Register*. *See, e.g.*, 61 Fed. Reg. 59556 (1996); 58 Fed. Reg. 63689 (1993). The Medicare Fee Schedule is ***the*** federal regulation setting forth the amount of payment physicians are entitled to receive under Medicare.

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[2] *See* A3-A4; E5; *Omnibus Budget and Reconciliation Act of 1986*, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040 (1986) (mandating use of HCFA's Common Procedure Coding System, which incorporates the entire CPT); 42 C.F.R. § 433.112(b)(2) (1997) (incorporating *State Medicaid Manual*, Part 11, Section 11300, which mandates use of the HCPCS system, which includes the CPT); 50 Fed. Reg. 40895, 40898 (1985). *See also* AMA's Ninth Circuit Br. at 4.

Recently, Congress again incorporated the CPT into the laws and regulations governing Medicare and Medicaid. In the *Health Insurance Portability and Accountability Act of 1996*, Pub. L. No. 104-191, 110 Stat. 2021 (1996), 42 U.S.C. § 1320d *et seq.*, Congress expressly required all participants in Medicare and Medicaid to "comply with" the "standards" adopted by HCFA, and imposed fines for failure to comply. 42 U.S.C. § 1320d-4(b) (Supp. 1997); 42 U.S.C. § 1320d-5(a)(1) (Supp. 1997). The Act explains that "standards" include "code sets" which in turn include "any set of codes used for encoding . . . medical procedure codes" adopted by HCFA. 42 U.S.C. § 1320d(1) (Supp. 1997); 42 U.S.C. § 1320d-2(c) (Supp. 1997). Again, it is undisputed that the CPT is such a "code set."

The Department of Labor similarly requires all physicians treating patients under the Federal Employees' Compensation Act to report their services using only the appropriate CPT code number. A4 n.3; E5-E6, 20 C.F.R. § 10.411(c) (1997); 51 Fed. Reg. 8280 (1986). The State of California likewise requires use of the CPT in the California Medical Assistance Program. *See* CAL CODE REGS. tit. 22, § 51518(a)(4) (1994). California's regulations expressly incorporate the CPT as part of California law. *See* A4 n.3; CAL CODE REGS. tit. 22, § 51050 (1994); CAL CODE REGS. tit. 1, § 20(e) (1994) (declaring that documents incorporated by reference into regulations have the full force of law).

In short, the CPT coding system has been adopted into law at both the federal and state levels. It is the legally mandated system for communicating with the government to obtain reimbursement for medical procedures under a variety of state and federal programs.

D. The Proceedings Below

PMIC brought this action in the District Court to obtain a declaration that the AMA does not have a valid copyright in the CPT. PMIC alleged that the CPT entered the public domain when it was adopted into law. PMIC also alleged that the CPT was an uncopyrightable "system" under 17 U.S.C. § 102(b) because it is a legally mandated system for communicating with the government. Finally, PMIC alleged that the AMA had misused its copyright by contractually requiring HCFA not to use any competing medical coding system.

The District Court ruled on summary judgment that the AMA had a valid copyright in the CPT and enjoined PMIC from publishing the CPT. *See* E1-E22; F7. The Court did not dispute the well-settled principle that laws are not protectable by copyright. The Court also recognized that the CPT had been incorporated into federal and state law. E5. The Court concluded, however, that public policy required the recognition of copyrights in privately written works which have been incorporated into law. E11-E13. In particular, the Court expressed concern that a ruling in favor of PMIC might call into question the validity of other copyrights, and might inhibit the federal

government from incorporating privately drafted works into law in the future. *Id.* The Court did not address PMIC's argument that the CPT is an uncopyrightable system of communicating with the government.

The Ninth Circuit affirmed the District Court's decision upholding the validity of the AMA's copyright. A11. Like the District Court, the Ninth Circuit recognized that laws have never been subject to copyright protection. A5. The Ninth Circuit concluded, however, that the modern proliferation of private law-drafters required limiting this rule to laws drafted by public officials. A5-A7 & nn.4-5. Without copyright protection, the Ninth Circuit concluded, private law-drafters might not have sufficient incentive to draft new laws. *Id.* Accordingly, the Ninth Circuit held, privately drafted laws remain protected by copyright even after their adoption into law. A11.

The Ninth Circuit addressed PMIC's argument that the CPT is an uncopyrightable system under 17 U.S.C. § 102(b) only in a footnote. *See* A11 n.8. The Ninth Circuit recognized that the AMA's copyright in the CPT prevented "copying of an existing system." It concluded, however, that this result was consistent with 17 U.S.C. § 102(b) because competitors remain free to devise other systems. In its very brief discussion, the Ninth Circuit did not attempt to reconcile this holding with the plain language of Section 102(b), which expressly prohibits copyright protection for any "system."

The Ninth Circuit did agree with PMIC on one point. It held that the AMA had misused its copyright by contractually restricting the federal government's ability to use competing coding systems. *See* A12-A14. The Ninth Circuit concluded, however, that this misuse did not render the AMA's copyright invalid. A12 n.9.

The AMA filed a Petition for Rehearing, asking the Ninth Circuit to reconsider its copyright-misuse holding. On December 23, 1997, the Ninth Circuit denied the AMA's Petition. *See* B1-B2. On January 9, 1998, in response to the AMA's motion to stay the Ninth Circuit's mandate pending Supreme Court review of the misuse issue, the Ninth Circuit amended its opinion, without changing the result. *See* C1-C2. On January 16, 1998, the Ninth Circuit stayed the mandate pending a decision on both parties' respective petitions for writ of certiorari to this Court. D1-D2. This Petition addresses only the Ninth Circuit's holding that the AMA's copyright in the CPT remains valid, and not its holding that the AMA misused its copyright.

SUMMARY OF ARGUMENT

Over a century ago, this Court held that laws written by public officials are free for all to publish and may not be protected by copyright. This Court's decisions were directly responsible for the widespread dissemination of laws and judicial opinions which we take for granted today.

In the modern regulatory age, however, it has become commonplace for public interest groups and trade associations to draft laws and regulations, especially in specialized and technical fields. Indeed, the federal government, through the Office of Management and Budget, now encourages all federal agencies to adopt privately written codes and standards. In the decision below, the Ninth Circuit held that these privately drafted laws and regulations remain the private property of the author, and copyrightable like any other work. Thus, under the Ninth Circuit's decision, private law drafters may use their copyright protection to exercise unfettered control over the publication and distribution of the laws and regulations they have written. That, in fact, is precisely what the AMA has done in this case.

In reaching its conclusion, the Ninth Circuit added to a growing split among the Circuit Courts. The First Circuit has squarely held that privately drafted laws are not protectable by copyright. In the First Circuit's view, the public's right to publish and distribute the laws outweighs any interest a private organization may have in private ownership of the laws. The Second Circuit, in contrast, has held that private works adopted as law are protected by copyright. The Ninth Circuit has now rejected the holding of the First Circuit and adopted the holding of the Second Circuit.

The Ninth Circuit also added to a second split among the Circuit Courts. Section 102(b) of the Copyright Act expressly prohibits copyright protection for any "system".

Relying upon this statute's plain language, the First, Second, Seventh, and Eleventh Circuits have all held that systems and similar functional works are *per se* uncopyrightable, even if other systems exist which perform similar functions.

The Eighth Circuit has held, however, that a system is protectable by copyright, as long as other systems exist or can be created. In the present case, the Ninth Circuit joined this minority view. The Ninth Circuit expressly recognized that the CPT is a medical coding system, but held that copyright protection is nevertheless proper because other competing systems exist or can be created.

This Court should grant certiorari to decide whether privately drafted laws are in the public domain, as held by the First Circuit, or are the personal property of the drafters, as held by the Second and Ninth Circuits. In addition, because the work at issue in this case is a functional system which lies at the core of public health care, this Court should resolve the well-developed split among the Circuit Courts over the copyrightability of systems.

REASONS FOR GRANTING THE WRIT

I.

WHETHER PRIVATE AUTHORS MAY PREVENT PUBLICATION AND DISTRIBUTION OF THE LAWS THEY HAVE WRITTEN IS AN ISSUE OF GREAT NATIONAL IMPORTANCE

This Court has long recognized the paramount importance of the public's right to publish and distribute the laws. *See Banks v. Manchester*, 128 U.S. 244, 253-54 (1888); *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 668 (1834). As this Court explained in the context of judicial opinions:

> The whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all.

Banks, 128 U.S. at 253. "[C]itizens must have free access to the laws which govern them." *BOCA*, 628 F.2d at 734. The laws are "public property, to be freely published by any one who may choose to publish them." *Connecticut v. Gould*, 34 F. 319, 319 (C.C.N.D.N.Y. 1888).

Accordingly, since the earliest days of this nation, this Court and the lower courts have recognized that laws, regulations, and judicial opinions cannot be protected by copyright. *Banks*, 128 U.S. at 253-54; *Wheaton*, 33 U.S.

(8 Pet.) at 668; *Connecticut*, 34 F. at 319-20; *Davidson v. Wheelock*, 27 F. 61, 61-62 (C.C.D. Minn. 1866); *Nash v. Lathrop*, 142 Mass. 29, 6 N.E. 559, 560 (1886). This fundamental principle remains true today. *See, e.g.*, *BOCA*, 628 F.2d at 733-34; *Georgia ex rel. v. Harrison Co.*, 548 F. Supp. 110, 114 (N.D. Ga. 1982).

Recognition of this basic legal principle was critical to the widespread dissemination of the law which we take for granted today. Before this Court's seminal decision in *Wheaton*, legal publishers commonly claimed copyright protection in the laws they published, and charged the public monopolistic prices for copies of statutes and judicial opinions. *See* L. Patterson & C. Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. Rev. 719, 733-34 (1989). *Wheaton* ended this practice. *Id.* As explained in *Monopolizing the Law*:

> After *Wheaton* was handed down, entrepreneurs throughout the country scrambled to publish new editions of reports which, theretofore, had been scarce and thus difficult to consult because the proprietors of the copyrights in the volumes had held their prices artificially high.

Id. *See also id.* at 734 n.49.[3]

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[3] This Court cited *Monopolizing the Law* with approval at least six times in its landmark copyright decision in *Feist Publications v. Rural Tel. Serv.*, 499 U.S. 340 (1991).

The Ninth Circuit concluded, however, that *Wheaton* and its progeny are limited to laws drafted by public officials. A5-A11. In the Ninth Circuit's view, laws drafted by private organizations are protectable by copyright. *Id.*

The Ninth Circuit's decision impacts the public's right to publish and distribute a large and expanding set of laws. As the Ninth Circuit recognized, it is now commonplace for private organizations to draft laws, regulations, and other legally binding standards. A6 & n.5. *See also Ninth Circuit Joint Br. of Amici Curiae* at 12 (describing various state regulations which were written by private organizations). Indeed, as the First Circuit has recognized, there is a "trend towards state and federal adoption, either by means of incorporation by reference or otherwise, of model codes." *BOCA*, 628 F.2d at 736. Federal policy has accelerated this trend by favoring the adoption of private codes and standards. The Office of Management and Budget has directed all federal agencies to consider adopting privately drafted codes and standards to eliminate the cost to the government of developing its own standards. *See* 58 Fed. Reg. 57643, 57644-45 (1993). *See also* A6 n.4; *Ninth Circuit Joint Br. of Amici Curiae* at 11. The Ninth Circuit's decision thus will have a profound and negative impact on the public's right to publish and distribute the laws.

Moreover, it is undisputed that today's private law drafters, like the pre-*Wheaton* law publishers, are using their copyright monopolies to restrict publication and

distribution of the laws. The AMA, for example, refuses to allow PMIC or any other publisher to publish the CPT. Indeed, the AMA will not even permit the government to publish or distribute the CPT to the public. In addition, the AMA, like the pre-*Wheaton* law publishers, charges a premium for the CPT because of its copyright monopoly. Similarly, the *amici curiae* who supported the AMA will not permit others to publish the regulations they draft. *See Ninth Circuit Joint Br. of Amici Curiae.*

This Court should grant certiorari to examine, for the first time in over a century, the important issue of the public's right to publish the laws, and decide whether laws drafted by private parties are the personal property of the drafters.

II.

THE CIRCUITS ARE SHARPLY DIVIDED OVER THE COPYRIGHTABILITY OF PRIVATELY DRAFTED LAWS

A. The Decisions Of The First, Second, And Ninth Circuits Are In Conflict

This Court has never been confronted with a case in which a private author has asserted a copyright in the laws it has written. As the Ninth Circuit stated, "The Supreme Court has not considered a case in which the author asserted a proprietary interest in material adopted by the government as law." A8-A9. The Circuit Courts which have considered the issue are sharply divided.

The copyrightability of privately drafted laws was first addressed by the First Circuit. *See BOCA*, 628 F.2d 730. In *BOCA*, the District Court had preliminarily enjoined the defendant from publishing the Massachusetts Building Code, which was based upon a model code authored by the plaintiff. *Id.* at 731. The plaintiff urged the First Circuit to uphold the injunction by limiting *Wheaton* and its progeny to laws drafted by public officials at taxpayer expense. *Id.* at 733.

After reviewing this Court's decisions in *Wheaton* and *Banks*, the First Circuit squarely rejected this argument. *Id.* at 733-35. The Court concluded that all laws are in the public domain regardless of who drafted them. *Id.* As the First Circuit explained:

> The cases hold that the public owns the law not just because it usually pays the salaries of those who draft legislation, but also because, in the language of *Banks v. West*, 27 F. 50, 57 (C.C.D. Minn. 1886), "Each citizen is a ruler, – a law-maker." The citizens are the authors of the law, and therefore its owners, regardless of who actually drafts the provisions, because the law derives its authority from the consent of the public, expressed through the democratic process.

BOCA, 628 F.2d at 734.

In addition, the First Circuit was guided by "the very important and practical policy that citizens must have free

access to the laws which govern them." *Id.* This policy, the Court explained, is "based on the concept of due process." *Id.* As the First Circuit explained:

> Due process requires people to have notice of what the law requires of them so that they may obey it and avoid its sanctions. . . . [T]he holder of a copyright has the right to refuse to publish the copyrighted material at all and may prevent anyone else from doing so, thereby preventing any public access to the material. *Fox Film Corp. v. Doyal*, 286 U.S. 123, 52 S. Ct. 546, 76 L. Ed. 1010 (1932). We cannot see how this aspect of copyright protection can be squared with the right of the public to know the law to which it is subject.

Id. at 734-35.

Accordingly, the First Circuit vacated the preliminary injunction issued by the District Court. *Id.* at 736. Because the issue was one of first impression, the First Circuit permitted the plaintiff to present additional arguments on remand in support of its claim of copyright. *Id.* The First Circuit cautioned, however, that:

> it is hard to see how the public's essential due process right of free access to the law (including a necessary right freely to copy and circulate all or part of a given law for various purposes), can

> be reconciled with the exclusivity afforded a copyright holder.

Id. (parenthetical in original).

The issue was next addressed at the appellate level by the Second Circuit in *CCC Info. Servs. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2nd Cir. 1994). In *CCC*, the District Court invalidated the plaintiff's copyright in a listing of used car values it had compiled. *Id.* at 64. The States of New York and New Jersey had adopted the listed values as the official, state-mandated reimbursement rates for certain insurance transactions in those two states. *Id.* at 73 & n.29.

The defendant urged the Second Circuit to affirm, relying upon the First Circuit's decision in *BOCA*. *CCC*, 44 F.3d at 73. The Second Circuit, however, found the First Circuit's reasoning unpersuasive and reversed. *Id.* at 74. The Second Circuit recognized that "there are indeed policy considerations that support" the conclusion that laws cannot be protected by copyright. *Id.* However, the Second Circuit relied upon "countervailing considerations" to reach the opposite result. *Id.* In particular, the Second Circuit expressed concern that the invalidation of a copyright when the government adopts a work as law "would raise very substantial problems under the Takings Clause of the Constitution." *Id.* This concern, the Second Circuit concluded, outweighed the Due Process concerns

cited by the First Circuit, and warranted upholding the copyright. *Id.*[4]

In the present case, the Ninth Circuit joined the Second Circuit and held that privately drafted laws may be protected by copyright. The Ninth Circuit recognized the "due process requirement of free access to the law," on which the First Circuit based its decision in *BOCA*. A7. However, like the Second Circuit, the Ninth Circuit concluded this constitutional requirement was outweighed by other concerns. In particular, the Ninth Circuit concluded that following the First Circuit's lead might reduce the incentive of private organizations to draft laws and regulations. A5-A7. The Ninth Circuit also relied upon the Takings Clause concern mentioned by the Second Circuit. A10-A11 (quoting *CCC*, 44 F.3d at 74).

The Ninth Circuit never squarely confronted the conflict between the First and Second Circuits. To the contrary, the Ninth Circuit disingenuously implied that the decisions of the First and Second Circuits are somehow consistent. *See* A9-A11. These decisions, however, could not be in clearer conflict. This Court should grant certiorari to resolve this important conflict among the First, Second, and Ninth Circuits.

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[4] Faced with identical facts, the District Court for the Northern District of Illinois reached the opposite conclusion, relying upon the First Circuit's decision in *BOCA*. *See NADA Servs. Corp. v. CCC Info. Servs., Inc.*, Case No. 91-C-4593, 1991 U.S. Dist. LEXIS 18874 (N.D. Ill. Nov. 14, 1991).

B. This Court May Resolve The Circuit Conflict Without Reaching The Constitutional Questions Addressed By The First, Second, And Ninth Circuits

The First, Second, and Ninth Circuits each chose to address the copyrightability of privately drafted laws by balancing various constitutional and policy considerations. This important issue, however, may be resolved through application of a basic principle of copyright law: the "merger" doctrine.

It is axiomatic that copyright law protects only an author's expression of an idea and not the idea itself. *Feist Publications v. Rural Tel. Serv.*, 499 U.S. 340, 344-45, 350 (1991); *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 547, 556 (1985); *Mazer v. Stein*, 347 U.S. 201, 207 (1954). When an idea can be expressed in only one way, the idea and its expression are said to "merge." *See Bellsouth Adver. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc.*, 999 F.2d 1436, 1442 (11th Cir. 1993) (en banc); *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738, 742 (9th Cir. 1971). When a merger occurs, the law favors the policy of free access to ideas and facts and denies copyright protection altogether. *See Kern River Gas Transmission Co. v. Coastal Corp.*, 899 F.2d 1458, 1463 (5th Cir. 1990); *see also* 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 13.03[B][3] (1996); 1 Paul Goldstein, *Copyright* § 2.3.2 (2d ed. 1996).

A claim of a copyright in the law presents the strongest possible case for a finding of merger. The idea and expression of a law necessarily merge. A law contains no copyrightable "expression" because it can be accurately expressed in only one way. Virtually any change in the text of the law will have some material effect on the law's meaning. Once the law is modified in any way, it is no longer the official, legally binding text. It is no longer the law. Accordingly, idea and any expression in a law are merged, and laws cannot be protected by copyright.

In this case, the CPT has been adopted into law by various federal and state agencies. These agencies have specified that only the code numbers contained in the CPT may be used to obtain payment under Medicare, Medicaid, and other government health programs. Thus, a physician seeking reimbursement cannot use a work which modifies the "expression" contained in the CPT in any way. A physician must use an exact copy of the CPT as adopted by federal and state law. The idea and expression of the CPT thus merged upon its adoption as law. Accordingly, the AMA can have no valid copyright in the CPT.

III.

THE CIRCUITS ARE ALSO SPLIT OVER WHETHER A FUNCTIONAL SYSTEM MAY BE PROTECTED BY COPYRIGHT

Closely related to the distinction between an idea and its expression is the distinction between a functional system and a description of the system. As this Court explained in the seminal case of *Baker v. Selden*, 101 U.S. 99, 101-02 (1880), copyright law may protect a creative description or explanation of a functional system, but it does not protect the system itself. Thus, an author's description of a bookkeeping system may be protected by copyright, but the bookkeeping system itself cannot. *Id.* at 101-02. Similarly, a description of a system of shorthand may be protected by copyright, but the shorthand system itself cannot. *See Brief English Sys., Inc. v. Owen*, 48 F.2d 555, 556 (2d Cir. 1931). These systems may be protected, if at all, only by a patent. *Baker*, 101 U.S. at 102-03; *id.* at 105.

This principle is now codified in Section 102(b) of the Copyright Act which states:

> In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, ***system***, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. § 102(b) (emphasis added). *See also Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1250 (3d Cir. 1983) (Section 102(b) codifies *Baker v. Selden*); 1 Paul Goldstein, *Copyright* § 2.3.1.1 (2d ed. 1996) (same).

The Circuit Courts are sharply divided over the proper interpretation of Section 102(b). The Eighth Circuit has held that a system may be protected by copyright as long as other competitive systems are available. *See Toro Co. v. R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986). Thus, the Eighth Circuit concluded that a system for numbering lawnmower parts is protectable by copyright because other parts-numbering systems exist or can be developed. *Id.*

Similarly, the Seventh Circuit has held that a system for reporting dental procedures to insurance companies may be protected by copyright. *American Dental Assn. v. Delta Dental Plans Assn.*, 126 F.3d 977, 980-81 (7th Cir. 1997). Section 102(b), the Seventh Circuit held, permits the public to use the dental coding system, and to copy all forms necessary to use the system; but it does not permit the public to copy the system itself. *Id.*

Other circuits have reached the opposite conclusion, holding that systems are *per se* uncopyrightable under Section 102(b), regardless of the availability of alternative systems. For example, the Eleventh Circuit, sitting *en banc*, has recently held that a system for selecting communities to include in a cable television directory was

an uncopyrightable "system" under 17 U.S.C. § 102(b), though other compiling systems were clearly available. *See Warren Publ'g, Inc. v. Microdos Data Corp.*, 115 F.3d 1509, 1517-19 (11th Cir.) (*en banc*), *cert. denied*, 118 S. Ct. 397 (1997).[5] Similarly, the Seventh Circuit, before issuing its recent *American Dental* decision, held that a recipe is an uncopyrightable "procedure, process, [or] system" under Section 102(b), even though many competing recipes exist for almost every dish. *See Publications Int'l, Ltd. v. Meredith Corp.*, 88 F.3d 473, 481 (7th Cir. 1996). In addition, before the enactment of Section 102(b), the Second Circuit held that a specific shorthand system is not protectable by copyright, even though many other shorthand systems exist. *Brief English*, 48 F.2d at 556.

In two separate decisions, the First Circuit has reached the same conclusion. In *CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc.*, 97 F.3d 1504, 1519 (1st Cir. 1996), the First Circuit held that a specific method of conducting a radio promotional contest is not protectable by copyright, even though many methods of conducting a contest exist. Similarly, in *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807, 815-19 (1st Cir. 1995), *aff'd by an equally divided Court*, 516 U.S. 233 (1996), the First Circuit held that a specific computer menu command

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[5] The dissent unsuccessfully urged the full court to follow the Eighth Circuit's decision in *Toro*, 787 F.2d at 1212, and uphold the plaintiff's copyright. *See Warren Publ'g*, 115 F.3d at 1529-30 (Godbold, J., dissenting).

hierarchy is not protectable by copyright. Significantly, the *Lotus* Court expressly held that the availability of other hierarchies was irrelevant to its analysis. *Id.* at 816.

Two terms ago, this Court granted certiorari in *Lotus*, presumably to address this circuit split and decide what types of works constitute a "procedure, process, system, [or] method of operation" within the meaning of Section 102(b). *See Lotus Dev. Corp. v. Borland Int'l, Inc.*, 515 U.S. 1190 (1995). However, after oral argument this Court divided evenly, four to four, and issued no opinion. *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 516 U.S. 233, *reh'g denied*, 516 U.S. 1167 (1996).

This case presents a second opportunity to address this circuit conflict. The work at issue here, the CPT, is a legally mandated system of communicating with the government. The CPT is not an explanation of a system, but the system itself. It is nothing but a listing of codes and definitions, which form the only legally permissible method of communicating with the government to obtain reimbursement under a variety of medical programs.[6]

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[6] The introduction to the CPT does include a brief explanation of how to use the CPT. *See Physicians' Current Procedural Terminology* x-xvi (1994). PMIC has never asserted any right to reproduce this material. To the contrary, PMIC's President, James Davis, has written his own book explaining in much greater detail how to use the CPT system. *See* James B. Davis, *CPT & HCPCS Coding Made Easy!* (2d ed. 1993).

The Ninth Circuit upheld the AMA's copyright in the CPT system over PMIC's Section 102(b) challenge. Joining the Eighth Circuit, the Ninth Circuit expressly held that a copyright may be used to "prevent[] wholesale copying of an existing ***system***." A11 n.8. (emphasis added). Like the Eighth Circuit, the Ninth Circuit concluded that systems are copyrightable under Section 102(b) as long as other systems are available or may be created. In the Ninth Circuit's view, the AMA may maintain a copyright in its system because:

> the AMA's copyright . . . does not prevent Practice Management or the AMA's competitors from developing comparative or better coding systems and lobbying the federal government and private actors to adopt them.

Id. The Ninth Circuit has thus squarely joined the Eighth Circuit's minority view.

Moreover, the Ninth Circuit went further. It did not only grant copyright protection to a system, as the Eighth Circuit did in *Toro*, 787 F.2d at 1212. It granted copyright protection to a ***legally mandated*** system. The CPT is a system which, by law, cannot be varied in any way and still serve its legally mandated function of facilitating standardized communication with the government. Thus, any "expression" in the CPT is legally mandated expression and should not be protected by copyright.

This Court should grant certiorari, as it did in *Lotus v. Borland*, to resolve this conflict among the First, Second, Seventh, Eighth, Ninth and Eleventh Circuits.

CONCLUSION

The Ninth Circuit's decision is of great national importance. It grants private organizations copyright protection in the laws and regulations they have drafted. The Ninth Circuit's decision deprives the public of the right to publish and distribute these laws and regulations, granting unfettered control to the private organizations that draft them. Moreover, the Ninth Circuit's decision is in clear conflict with the decisions of other Circuit Courts. Accordingly, this Court should grant a writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

Respectfully submitted,

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Date: January 29, 1998

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

Appeal No. 94-56774
D.C. No. CV-94-03107-DT

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California Corporation,
Plaintiff-Appellant,
v.
THE AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,
Defendant-Appellee

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, DICKRAN M. TEVRIZIAN, DISTRICT JUDGE, PRESIDING

Argued and Submitted August 7, 1995
Submission Vacated June 18, 1996
Resubmitted September 13, 1996
Pasadena, California

Filed August 6, 1997

Before: James R. Browning, William A. Norris, and Stephen Reinhardt, Circuit Judges

Opinion by Judge Browning

OPINION

BROWNING, Circuit Judge:

Practice Management Information Corporation ("Practice Management") appeals from a partial summary judgment and preliminary injunction forbidding it from publishing a medical procedure code copyrighted by the American Medical Association ("the AMA").[1]

I.

Over thirty years ago, the AMA began the development of a coding system to enable physicians and others to identify a particular medical procedures with precision. These efforts culminated in the publication of the Physician's Current Procedural Terminology ("the CPT"), on which the AMA claims a copyright.

The current edition of the CPT identifies more than six thousand medical procedures and provides a five-digit code and brief description for each. The CPT is divided into six sections — evaluation, anesthesia, surgery, radiology pathology and medicine. Within each section, procedures are arranged to enable the user to locate the code number readily. In the anesthesia section, procedures are grouped according to the body part receiving the

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[1] We have jurisdiction under 28 U.S.C. § 1292(a)(1). *See MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 516 (9th Cir. 1993).

anesthetic; in the surgical section, the procedures are grouped according to the body system, such as the digestive or urinary system, on which surgery is performed. The AMA revises the CPT each year to reflect new developments in medical procedures.

In 1977, Congress instructed the Health Care Financing Administration ("HCFA") to establish a uniform code for identifying physicians' services for use in completing Medicare and Medicaid claim forms. *See* 42 U.S.C. § 1395w-4(c)(5). Rather than creating a new code, HCFA contracted with the AMA to "adopt and use" the CPT. Agreement ¶ 1. The AMA gave HCFA a "non-exclusive, royalty free, and irrevocable license to use, copy, publish and distribute" the CPT. *Id.* ¶ 3(a). In exchange, HCFA agreed "not to use any other system of procedure nomenclature . . . for reporting physicians' services" and to require use of the CPT in programs administered by HCFA, by its agents, and by other agencies whenever possible. *Id.* ¶¶ 1, 2.[2]

HCFA published notices in the Federal Register incorporating the CPT in HCFA's Common Procedure Coding System, *see* 48 Fed. Reg. 16750, 16753 (1983); 50 Fed. Reg. 40895, 40897 (1985), and adopted regulations requiring applicants for Medicaid reimbursement to use the CPT. *See* 42 C.F.R. § 433.112(b)(2) (requiring

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[2] HCFA had the right to cancel the agreement and use a competing coding system at any time and without penalty on ninety days notice. Agreement ¶ 10.

compliance with Part 11 of the *State Medicaid Manual*, which requires states receiving federal funding for Medicaid to adopt the Administration's Common Procedure Coding System as the exclusive medical procedure coding system).[3]

Practice Management, a publisher and distributor of medical books, purchases copies of the CPT from the AMA for resale. After failing to obtain the volume discount it requested, Practice Management filed this lawsuit seeking a declaratory judgment that the AMA's copyright in the CPT was invalid for two reasons: (1) the CPT became uncopyrightable law when HCFA adopted the regulation mandating use of CPT code numbers in applications for Medicaid reimbursement, and (2) the AMA misused its copyright by entering into the agreement that HCFA would require use of the CPT to the exclusion of any other code. The district court granted partial summary judgment for the AMA and preliminarily enjoined Practice Management from publishing the CPT. Practice Management appeals.

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[3] Other federal agencies require physicians to use the CPT. *See, e.g.*, 20 C.F.R. § 10.411(c) (stating that physicians seeking compensation under the Federal Employees' Compensation Act must identify their services using CPT codes). The state of California has incorporated the CPT into its Code of Regulations. *See* Cal. Code Regs. tit. 22, § 51050.

II.

[1] Practice Management's argument that the CPT became law and entered the public domain when HCFA by regulation required its use rests ultimately upon *Banks v. Manchester*, 128 U.S. 244 (1888), which held that judicial opinions are uncopyrightable. *Banks* in turn rests upon two grounds, neither of which would justify invalidation of the AMA's copyright.

[2] The first ground for the *Banks* holding that judicial opinions are not subject to copyright is that the public owns the opinions because it pays the judges' salaries. *Id.* at 253. The second is that as a matter of public policy, "the whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all . . . ." *Id.*

[3] The first ground is clearly not applicable to the CPT. The copyright system was not significant in *Banks* because judges had no proprietary interest in their opinions. The copyright system is of central importance in this case because the AMA authored, owns, and maintains the CPT and claims a copyright in it.

[4] The copyright system's goal of promoting the arts and sciences by granting temporary monopolies to copyrightholders was not at stake in *Banks* because judges' salaries provided adequate incentive to write opinions. In contrast, copyrightability of the CPT

provides the economic incentive for the AMA to produce and maintain the CPT. "To vitiate copyright, in such circumstances, could, without adequate justification, prove destructive of the copyright interest, in encouraging creativity," a matter of particular significance in this context because of "the increasing trend toward state and federal adoptions of model codes." 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 5.06[C], at 5-92 (1996).[4] As the AMA points out, invalidating its copyright on the ground that the CPT entered the public domain when HCFA required its use would expose copyrights on a wide range of privately authored model codes, standards, and reference works to invalidation.[5]

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[4] *See also Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730, 736 (1st Cir. 1980) (recognizing "a possible trend towards state and federal adoption, either by means of incorporation by reference or otherwise, of model codes"); 58 Fed. Reg. 57643, 57644-45 (1993) (Office of Management and Budget directed federal agencies to adopt private standards "whenever practicable" in order to "eliminate[] the costs to the Government of developing its own standards").

[5] *See, e.g.*, 32 C.F.R. § 199.13(e)(2) (limiting payment of dental benefits to procedures defined in the Current Dental Terminology); 32 C.F.R. § 199.2 (conditioning payment of civilian medical benefits for mental disorders on showing the patient has a disorder listed in the *Diagnostic & Statistical Manual of Mental Disorders (DSM III)*); 16 C.F.R § 1505.5(e)(5) (requiring electrically operated toys to have a type SP-2 electrical

Non-profit organizations that develop these model codes and standards warn they will be unable to continue to do so if the codes and standards enter the public domain when adopted by a public agency.[6]

[5] The second consideration underlying *Banks* — the due process requirement of free access to the law — may be relevant but does not justify termination of the AMA's copyright. There is no evidence that anyone wishing to use the CPT has any difficulty obtaining access to it. *See Texas v. West Publ'g Co.*, 882 F.2d 171, 177 (5th Cir. 1989). Practice Management is not a potential

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power cord, as defined in the National Electrical Code authored by the National Fire Protection Association); 16 C.F.R. § 1201.7 (requiring architectural glazing materials to conform to standards published by the American National Standards Institute); 7 C.F.R. § 1755.870(a)(8) (incorporating by reference Underwriters Laboratories Inc.'s Standard Test for Flame Propagation Height of Electrical and Optical-Fiber Cables Installed Vertically in Shafts); 11th Cir. R. 28-2(j) (requiring attorneys to conform their citations to *The Bluebook: A Uniform System of Citation*).

[6] Amicus briefs have been filed by the American Dental Association, American National Standards Institute, American Society of Association Executives, American Society of Heating, Refrigerating & Air-Conditioning Engineers, American Society of Mechanical Engineers, American Society for Testing and Materials, National Fire Protection Association, and Underwriters Laboratories Inc.

user denied access to the CPT, but a putative copier wishing to share in the AMA's statutory monopoly. Practice Management does not assert the AMA has restricted access to users or intends to do so in the future.

[6] The AMA's right under the Copyright Act to limit or forgo publication of the CPT poses no realistic threat to public access. The AMA has no incentive to limit or forgo publication. If the AMA were to do so, HCFA would no doubt exercise its right to terminate its agreement with the AMA.[7] Other remedies would also be available, including "fair use" and due process defenses for infringers, *see* 1 Nimmer & Nimmer, *supra*, § 5.06[C], at 5-92, and, perhaps most relevant, mandatory licensing at a reasonable royalty could be required in light of the great public injury that would result if adequate access to the CPT were denied. *See Abend v. MCA, Inc.*, 863 F.2d 1465, 1479 (9th Cir. 1988); *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 976 (9th Cir. 1982), *rev'd on other grounds*, 464 U.S. 417 (1984).

The Supreme Court has not considered a case in which the author asserted a proprietary interest in material

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[7] Alternatively, HCFA might by regulation or contract require the AMA to provide greater access. *See* H.R. Rep. No. 94-1476, at 59, *reprinted in* 1976 U.S.C.C.A.N. 5659, 5672; Marvin J. Nodiff, *Copyrightability of Works of the Federal and State Governments Under the 1976 Act*, 29 St. Louis L.J. 91, 104 (1984).

adopted by the government as law. However, the First and Second Circuits have declined to enjoin enforcement of private copyrights in these circumstances.

In *Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980), the district court preliminarily enjoined Code Technology, Inc. from copying a building code copyrighted by Building Officials & Code Administration ("BOCA"), a private, non-profit group, and adopted by the State. The First Circuit reversed. It recognized the problem posed by *Banks*, but nonetheless refrained from holding BOCA's copyright invalid:

> Groups such as BOCA serve an important public function; arguably they do a better job than could the state alone in seeing that complex yet essential regulations are drafted, kept up to date and made available. Since the rule denying copyright protection to judicial opinions and statutes grew out of a much different set of circumstances than do these technical regulatory codes, we think BOCA should at least be allowed to argue its position fully on the basis of an evidentiary record, into which testimony and materials shedding light on the policy issues discussed herein may be placed.

Id. at 74.

In *CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), the Second Circuit declined to invalidate the copyright on a privately prepared listing of automobile values that several states required insurance companies to use in calculating awards:

> We are not prepared to hold that a state's reference to a copyrighted work as a legal standard for valuation results in loss of the copyright. While there are indeed policy considerations that support CCC's argument, they are opposed by countervailing considerations. For example, a rule that the adoption of such a reference by a state legislature or administrative body deprived the copyright owner of its property would raise very substantial problems under the Takings Clause of the Constitution. We note also that for generations, state education systems have assigned books under copyright to comply with a mandatory school curriculum. It scarcely extends CCC's argument to require that all such assigned books lose their copyright — as one cannot comply with the legal requirements without using the copyrighted works. Yet we think it unlikely courts would reach this conclusion. Although there is scant authority of CCC's argument, Nimmer's treatise opposes such a suggestion

> as antithetical to the interests sought to be advanced by the Copyright Act.

Id. at 736.

For the reasons we have stated earlier, as well as those relied upon by the First and Second Circuits, we affirm the district court's conclusion that the AMA's copyright in the CPT should be enforced.[8]

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[8] Practice Management argues that the CPT is an uncopyrightable industry standard or "idea" under section 102(b) of the Copyright Act, the merger doctrine, and *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1523-24 (9th Cir. 1993) because HCFA mandates use of CPT codes in Medicaid applications. This court has not allowed the owners of copyrights in expressions mandated by industry standards to use their copyrights to stifle independent creative expression in the industry. *Sega*, 977 F.2d at 1523-24. However, the AMA's copyright does not stifle independent creative expression in the medical coding industry. It does not prevent Practice Management or the AMA's competitors from developing comparative or better coding systems and lobbying the federal government and private actors to adopt them. It simply prevents wholesale copying of an existing system.

Practice Management did not appeal the district court's finding that the CPT was sufficiently original to qualify for copyright protection, and we do not review that question.

III.

Practice Management argues that the AMA misused its copyright by negotiating a contract in which HCFA agreed to use the CPT exclusively. *See Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970, 977-79 (4th Cir. 1990) (defense of copyright misuse "forbids the use of the copyright to secure an exclusive right or limited monopoly not granted by the Copyright Office"); *see also DSC Communications Corp. v. DGI Techs., Inc.*, 81 F.3d 597, 601 (5th Cir. 1996) (same).[9] We have implied in prior decisions that misuse is a defense to copyright infringement. *See Triad Sys. Corp. v. Southeastern Express Co.*, 64 F.3d 1330, 1337 (9th Cir. 1995); *Supermarket of Homes, Inc. v. San Fernando Valley Bd. of Realtors*, 786 F.2d 1400, 14808 (9th Cir. 1986). We now adopt that rule.

[7] On the undisputed facts in the record before us, we conclude the AMA misused its copyright by licensing the CPT to HCFA in exchange for HCFA's agreement not to use a competing coding system. The AMA argues it did not insist HCFA use only the CPT; rather, HCFA decided to use a single code to take advantage of natural efficiencies. However, the plain language of the AMA's licensing agreement requires HCFA to use the AMA's copyrighted coding system and

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[9] Copyright misuse does not invalidate a copyright, but precludes its enforcement during the period of misuse. *See Lasercomb*, 911 F.2d at 979 n.22.

prohibits HCFA from using any other. The exclusivity requirement is a part of the consideration in exchange for which the AMA agreed to grant HCFA a "non-exclusive, royalty free, and irrevocable license to use, copy, publish and distribute" the CPT. Although HCFA apparently had nothing to gain from inclusion of the exclusivity provision, which side urged its inclusion is of no consequence. *Cf. Anchor Serum Co. v. Federal Trade Comm.*, 217 F.2d 867, 870 (7th Cir. 1954) (rejecting argument that exclusive dealing contract did not violate section 3 of the Clayton Act because buyer initiated negotiations and seller did not impose the contract terms on buyer). The controlling fact is that HCFA is prohibited from using any other coding system by virtue of the binding commitment it made to the AMA to use the AMA's copyrighted material exclusively. The absence of the agreement would not preclude HCFA from doing what the AMA suggest would be proper — deciding on its own to use only the AMA's system. What offends the copyright misuse doctrine is not HCFA's decision to use the AMA's coding system exclusively, but the limitation imposed by the AMA licensing agreement on HCFA's rights to decide whether or not to use other forms as well. Conditioning the license on HCFA's promise not to use competitors' products constituted a misuse of the copyright by the AMA.

[8] The adverse effects of the licensing agreement are apparent. The terms under which the AMA agreed to license use of the CPT to HCFA gave the AMA a substantial and unfair advantage over its competitors.

By agreeing to license the CPT in this manner, the AMA used its copyright "in a manner violative of the public policy embodied in the grant of a copyright." *Lasercomb*, 911 F.2d at 977.

[9] The AMA argues the copyright misuse defense fails because Practice Management did not establish an antitrust violation. We agree with the Fourth Circuit that a defendant in a copyright infringement suit need not prove an antitrust violation to prevail on a copyright misuse defense. *See Lasercomb*, 911 F.2d at 978.

[10] We also reject the AMA's argument that the *Noerr-Pennington* doctrine immunized its actions. Because Practice Management need not establish an antitrust violation, we need not consider the AMA's antitrust defenses. Moreover, because the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake.

IV.

We affirm the district court's ruling that the AMA did not lose its copyright when use of the CPT was required by government regulations, but reverse the ruling with respect to copyright misuse. We hold that Practice Management established its misuse defense as a matter of

law, vacate the preliminary injunction, and remand for entry of judgment in favor of Practice Management.

AFFIRMED IN PART, REVERSED IN PART, VACATED, AND REMANDED.

Each party shall bear their own costs.

APPENDIX B

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED
DEC. 23, 1997
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation,	)	No. 94-56774
Plaintiff, Appellant,	)	D.C. No. CV-94-03107-DT
v.	)	
THE AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,	)	ORDER
Defendant, Appellee.	)	

Before: BROWNING and REINHARDT, Circuit Judges

The panel has voted to deny the petition for rehearing and to reject the suggestion for rehearing en banc.

The full court has been advised of the suggestion for an en banc rehearing, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

APPENDIX C

FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED
JAN. 9, 1998
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation,	)	No. 94-56774
Plaintiff-Appellant,	)	D.C. No. CV-94-03107-DT
v.	)	
THE AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,	)	O R D E R AMENDING OPINION
Defendant-Appellee.	)	

Filed January 9, 1998

Before: BROWNING and REINHARDT, Circuit Judges

The opinion filed on August 6, 1997 is amended as follows:

(1) The second sentence in the last paragraph of Section III is stricken, and the third sentence is amended to read: "Because the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake." 121 F.3d 516, 521 (9th Cir. 1997).

(2) The words "on its copyright misuse claim" are added to the last sentence of the opinion. 121 F.3d at 521.

APPENDIX D

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED
JAN. 16, 1998
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California Corporation,	)	
Plaintiff-Appellant,	)	No. 94-56774
v.	)	D.C. No. CV-94-03107-DT
THE AMERICAN MEDICAL ASSOCIATION, and Illinois nonprofit corporation,	)	
Defendant-Appellee.	)	ORDER

Before: BROWNING, Circuit Judge

Defendant-Appellee American Medical Association's Motion for Stay of Mandate Pending Petition for Certiorari is granted. The mandate is stayed pending the Defendant-Appellee's and Plaintiff-Appellant's respective petitions to the Supreme Court for a writ of certiorari.

APPENDIX E

ENTERED
DEC. 8, 1994
Clerk, U.S. District Court
Central District of California
By /s/ Deputy

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation,

Plaintiff-Counterdefendant,

vs.

AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,

Defendants-Counterplaintiff.

CASE NO. CV 94-3107 DT (GHKx)

ORDER **GRANTING** DEFENDANT AMERICAN MEDICAL ASSOCIATION'S MOTION FOR PARTIAL SUMMARY JUDGMENT AND **DENYING** PLAINTIFF PRACTICE MANAGEMENT INFORMATION CORPORATION'S CROSS-MOTION FOR SUMMARY JUDGMENT PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 56(c).

Background

1.Summary of Facts.

This action arises under the Declaratory Judgment Act, 28 U.S.C. § 2201. Plaintiff Practice Management Information Corporation ("PMIC") seeks a declaration that certain copyrights for the book entitled *Physicians' Current Procedural Terminology* ("CPT") of Defendant American Medical Association ("AMA") are invalid and unenforceable because the federal government has required physicians to use the numerical codes contained in the CPT when describing medical procedures in requests for government reimbursement.

The following facts are undisputed. PMIC is a publisher of medical books. Defendant American Medical Association ("AMA") is a non-profit corporation and its business includes publishing, licensing for publication, and selling books used by medical professionals.

Since 1966, the AMA has published the CPT, a reference book which describes medical services performed by physicians and assigns a specific numerical code to each service. Declaration of Barry S. Eisenberg, ¶ 4 (Filed in support of Defendant's Opposition to Plaintiff's Motion for Preliminary Injunction) ("Eisenberg Decl."); *see also* CPT, attached as Exhibit 1 to the Declaration of James Davis filed in support of PMIC's Motion for Preliminary Injunction ("CPT" or "Exh. 1"). The CPT contains a list of thousands of five-digit code

numbers and two-digit modifiers, each followed by a description of particular medical procedures. *See* CPT; U.S. Dept. of Health and Human Services, Office of Inspector General, Coding of Physician Services A-1 to A-2 (May 1994) ("HHS Report") at p. 1 and attached to the Eisenberg Decl. as Exhibit "C" (which was attached to the AMA's Opposition to PMIC's Motion for Preliminary Injunction). The code numbers and their accompanying descriptions are listed in numerical order, except that the frequently used code numbers beginning with the digits "99" are listed first. *See* CPT.

The CPT is used by physicians to obtain reimbursement for their medical services from the federal government, state governments and from private insurers. Eisenberg Decl., ¶¶ 6, 14. The physician finds the most accurate description for the services he or she has performed, locates the corresponding CPT code number and writes the number on the appropriate reimbursement forms. In addition, the CPT also contains guidelines and definitions which instruct medical professionals how to use the CPT. The guidelines appear at the beginning of each section and are essential for selecting the correct CPT code number. *See* CPT, at p. xii.

The AMA updates the CPT every year, revising the code numbers, descriptions, definitions, and guidelines. The AMA publishes and distributes the revised edition of the CPT in the fall of each year. The 1995 CPT was scheduled for release in October 1994.

The Health Care Financing Administration ("HCFA") is an agency of the United States Department of Health and Human Services ("HHS"). The HCFA is responsible for administrating the financial reimbursement of hospitals, physicians, and other health-care professionals for medical services performed under the federally funded Medicare and Medicaid programs. 42 Fed. Reg. 13262 (1977). HCFA is specifically charged with developing a uniform coding system for medical procedures to be used for reimbursement in all HCFA-administered programs. 42 U.S.C. § 1395w-4(c)(5). This system is commonly known as the HCFA Common Procedure Coding System or "HCPCS".

On February 1, 1983, HCFA entered into a licensing agreement with the AMA in which the AMA granted HCFA a royalty-free, nonexclusive license to use the CPT coding system. HHS Report at A-1 to A-2; Agreement, the Department of Health and Human Services, Health Care Financing Administration and American Medical Association, ¶ 3(a) dated February 1, 1983 ("Agreement") and attached as Exhibit "C" to AMA's Answer. HCFA may terminate the Agreement upon ninety days notice. Agreement, ¶ 10.

In exchange for this royalty-free license, HCFA promised to use its regulatory powers as a federal agency to "require the use of CPT-4...in programs administered by HCFA by its agents and other entities participating in those programs." Agreement, ¶ 2(b). HCFA also promised not to use any other system of procedure

nomenclature for reporting physicians' services. Agreement, ¶ 1. The Agreement also requires HCFA to include a copyright notice whenever it reprints the CPT. Agreement, ¶ 3(c). The notice is specifically designed to inform the public that only the AMA may reproduce the federally mandated AMA CPT system. Agreement, ¶ 3(c).

HCFA, other federal agencies and the United States Congress have incorporated the CPT into federal law.[1] These statutes and regulations mandate the use of the CPT coding system for obtaining reimbursement from the federal and state governments for medical services. For example, HCFA requires all states which receive federal funding or their Medicaid programs to adopt the CPT as the exclusive coding system to be used by all Medicaid health-care providers. 42 C.F.R. § 433.112(b)(2); *State Medicaid Manual*, Part 11, Section 11300 (App. K); *Medicaid Management Information Systems Requirements for Physician and Supplier Services*, 50 Fed. Reg. 40895, 40898 (1985) (adopting this requirement) (App. C).

The Department of Labor requires all health-care providers treating patients under the Federal Employees'

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[1] Section 9343(g) of the Omnibus Budget Reconciliation Act of 1986 requires that all hospitals, "as a condition of payment for outpatient hospital services" under Medicare Part B to use the CPT to report their services. Pub. L. No. 99-509, § 9343(g), 100 Stat. 2040 (reprinted as a note following 42 U.S.C.S. § 1395(u) (App. E).

Compensation Act to identify their services using only the CPT coding system. 20 C.F.R. § 10.411; *see also* 51 Fed. Reg. 8280 (1986) (adopting this requirement) (App. D). Similarly, Section 9343(g) of the Omnibus Budget Reconciliation Act of 1986 requires that all hospitals, "as a condition of payment for outpatient hospital services" under Medicare Part B, to use the CPT to report their services. Pub. L. No. 99-509, § 9343(g), 100 Stat. 2040 (reprinted as a note following 42 U.S.C.S. § 1395(u) (App. E).

HCFA annually publishes a complete list of the CPT code numbers in the *Federal Register*. Each code number is listed in numerical order and is accompanied by an abbreviated description of the medical services which the code number designates, and a table of numbers which are used to calculate the reimbursement that health-care professionals will receive for performing the listed medical services. HCFA also publishes a series of manuals, including the Medicare Intermediary Manual and the State Medicaid Manual, which provide instructions to the institutions that process claims under Medicare and Medicaid. 53 Fed. Reg. 21730 (1988). These manuals require the processing institutions to accept reimbursement applications which identify medical services using CPT code numbers.

For the past several years, PMIC has been reselling the CPT as printed by the AMA and currently resells more CPT books than anyone else. However, according to PMIC, the quality of the CPT has been declining annually,

and the 1995 CPT published by the AMA will contain many errors and omissions. The AMA announced that it will, for the first time, increase the size of its book from 6" x 9" to 8.5" x 11". PMIC claims that its customers overwhelmingly prefer the traditional 6" x 9" format. This preference has allegedly led PMIC to standardize its entire line of medical coding books in the 6" x 9" format. PMIC has indicated it intends to publish its own reference material using the CPT coding system or modified versions of the CPT coding system in the 6" x 9" format with its own corrections.

2. Procedural History.

PMIC filed its original Complaint on May 12, 1994. PMIC filed a motion for preliminary injunction against the AMA to enjoin the AMA from enforcing any copyrights for the CPT. On July 25, 1994, this Court denied that motion for preliminary injunction on the grounds that the CPT was sufficiently original to entitle it to copyright protection ("July 25 Order"). This Court rejected three of the four arguments presented by PMIC. The only issue left for determination was whether the federal government could destroy a valid copyright for a privately created reference book where the federal government then requires all physicians to use that reference book when participating in a federal program and seeking reimbursements. July 25, 1994 Order, at pp. 12-16.

On August 23, 1994, the parties signed a Stipulated Protective Order in which they agreed that certain evidence pertinent to this case may contain confidential or trade secret information and that such evidence or information would be designated as confidential.

On September 22, 1994 by Stipulation with PMIC, the AMA filed its Answer and Second Amended Counterclaim.

On October 21, 1994, the AMA filed the present Motion for Partial Summary Judgment seeking a judgment that the federal government's requirement that physicians use the CPT coding system when seeking reimbursement for participating in a federal program destroys [sic: does not destroy] a valid copyright in a privately created reference work. This motion is now before this Court.

On November 7, 1994, PMIC filed its Cross-Motion for Summary Judgment of Copyright Invalidity. This motion is also presently before this Court and is addressed concurrently herein.

On November 14, 1994, AMA filed a Motion for Preliminary Injunction to enjoin PMIC from using any portion of the CPT without the AMA's express written authorization. This motion is presently before this Court and is addressed in a separate order.

On November 15, 1994, PMIC filed its First Supplemental Complaint by Stipulation with the AMA.

The First Supplemental Complaint, in addition to the original request for declaratory judgment, also seeks monetary damages for statutory and common law unfair competition, intentional interference with contractual relationships, intentional interference with prospective economic advantage, false representation, specific performance, breach of contract and breach of the covenant of good faith and fair dealing. The First Supplemental Complaint does not affect any of the motions presently before this Court.

Discussion

1. Standard.

Under Rule 56(c) of the Federal Rules of Civil Procedure, summary judgment is proper only where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." The moving party has the burden of demonstrating the absence of a genuine issue of fact for trial. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986). If the moving party satisfies the burden, the party opposing the motion must set forth specific facts showing that there remains a genuine issue for trial. Fed. R. Civ. P. 56(e).

A non-moving party who bears the burden of proof at trial to an element essential to its case must make a

showing sufficient to establish a genuine dispute of fact with respect to the existence of that element of the case or be subject to summary judgment. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). Such an issue of fact is a genuine issue if it reasonably can be resolved in favor of either party. *Anderson*, 477 U.S. at 250-51. The non-movant's burden to demonstrate a genuine issue of material fact increases when the factual context renders her claim implausible. *Matsushita Electric Industrial Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). Thus, mere disagreement or the bald assertion that a genuine issue of material fact exists, no longer precludes the use of summary judgment. *Harper v. Wallingford*, 877 F.2d 728 (9th Cir. 1989); *California Building Products, Inc. v. Franciscan Ceramics, Inc.*, 818 F.2d 1466, 1468 (9th Cir. 1987), *cert. denied*, 108 S. Ct. 698 (1988).

2. The CPT Is Not A "Law".

The Copyright Act extends copyright protection to original works of authorship. 17 U.S.C. §§ 102(a), 103. This Court has already determined that the CPT "is sufficiently original to entitle it to copyright protection." July 25 Order, at p. 13. The Copyright Act denies copyright protection only for statutes and judicial opinions originally created by the federal government or its officials. 17 U.S.C. §§ 101, 105.

In 1909, Section 7 of the Copyright Act provided a savings clause to allow the government to use copyrighted materials in its publications. H.Rep. 2222,

60th Cong., 2d Sess. 10 (1909). Further, Section 8 of the prior act provided:

> "The publication or republication by the Government, either separately or in the public document, of any material in which copyright is subsisting shall not be taken to cause any abridgement or annulment of the copyright or to authorize any use or appropriation of such copyright material without the consent of the copyright proprietor."

17 U.S.C. § 8 (1909). In 1976, Congress further confirmed that "publication or other use by the Government of a private work would not affect its copyright protection in any way." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 60 (1976) re 17 U.S.C. §§ 101, 105, and reprinted in 1976 U.S.C.C.A.N. 5659, 5672; M. Nimmer & D. Nimmer, *Nimmer on Copyright*, § 5.06[B][2] 1993; 1 Paul Goldstein, *Copyright*, § 2.5.2.2 (1989).

PMIC contends that the CPT is a "law" because its contents are incorporated by federal and state governments in various statutes and regulations, and it is therefore exempt from copyright protection. This Court disagrees. A ruling in PMIC's favor would be tantamount to invalidating the longstanding copyrights of such privately developed works as *A Uniform System of Citation* or West Publishing Company's case numbering system. Such a

ruling would also be inconsistent with longstanding case law. *Educational Testing Service v. Katzman*, 793 F.2d 533, 540 (3d Cir. 1986) (upholding the ETS copyright even though the standardized test is a required entrance exam for many state schools); *West Publishing Co. v. Mead Data Central, Inc.*, 799 F.2d 1219 (8th Cir. 1986), *cert. denied* 479 U.S. 1070 (1987) (required use of West numbering system for its reporters in the practice of law did not invalidate West's copyright). These private works, like the CPT, are required for use by the public, but such works have not themselves been enacted as law.

PMIC's position would undermine the official policies of the federal government to utilize private works. The Office of Management and Budget ("OMB") has directed federal agencies to adopt private works "whenever practicable and appropriate" thereby "eliminat[ing]... costs to the Government." Revision of OMB Circular No. A-119, Notice of Implementation, 58 Fed. Reg. 57643, 57644-57645 (1993) (attached to the AMA's Moving Papers as Exhibit "A"). The OMB's stated policy provides:

> "Voluntary standards adopted by Federal agencies should be referenced, along with their dates of issuance and sources of availability, in appropriate publications, regulatory orders, and related in-house documents. Such adoption should take into account the requirements of copyright and other similar restrictions."

Id. Similarly, the Federal Communications Commission ("FCC") has adopted technical standards promulgated by the American National Standards Institute ("ANSI") which are set forth in a copyrighted publication of the Institute of Electrical and Electronics Engineers.[2] The Environmental Protection Agency also relies on standards promulgated and copyrighted by a private company, the American Society for Testing and Materials ("ASTM"). Declaration of Morris R. Brooke, at pp. 3-7.

The copyrights of privately developed works have been upheld and not ruled "laws" where the public has been required to use such work in governmental programs. *Rand McNally & Co. v. Fleet Management Systems, Inc.*, 591 F. Supp. 726, 736 (N.D.Ill. 1983) (upholding a copyright despite the federal government's use of a privately published distance guide as a tariff reference publication); *Del Madera Properties v. Rhodes and Gardner, Inc.*, 637 F. Supp. 262, 264 (N.D.Cal. 1985), *aff'd*, 820 F.2d 973 (9th Cir. 1987). The *Del Madera* Court found:

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[2] The FCC requires communications companies to use Rand McNally's *Commercial Atlas & Marketing Guide* when conducting their operations in a given locality. FCC, Public Notice, Personal Communications Services Information (Sept. 22, 1994) (which acknowledges Rand McNally's copyright and the licensing agreement) (A copy of this document was attached to the AMA's moving papers as Exhibit "E").

> "defendants argue that edicts of governments such as judicial opinions, administrative rulings, and legislative enactments are not copyrightable for reasons of public policy. 17 U.S.C. § 702...In support of this argument, defendants rely on *Building Official & Code Administrators International, Inc. v. Code Technology, Inc.*, 628 F.2d 730 (1st Cir. 1980) . . . Defendants' 'governmental enactment' argument is unpersuasive. There is no basis for a holding that the Tentative Map is an administrative ruling, legislative enactment, or similar official document. Unlike the building code at issue in *Code Technology*, the Map is not a self-executing ordinance. The analogous enactment consists of Resolution 1165 that approved the Tentative Map. The Map itself was merely approved and was not transformed by this act into law."

637 F. Supp. at 264. Similarly, the *Rand McNally* court held:

> "The law in this area is old and well-settled. It has remained limited to statutes and opinions promulgated by government officials for general application. No great expansions in scope have occurred since the major decisions of the late 1890's. The

> court sees no reason to extend this body of law to a privately published distance guide that is used as a tariff reference publication."

591 F. Supp. at 736. Thus, a federal agency's incorporation of a privately developed reference work as required use when participating in a government program does not destroy the copyright for that work. *Del Madera*, 637 F. Supp. at 264; *Rand McNally*, 591 F. Supp. at 735-736.

The *Code Technology* and *NADA Services Corp. v. CCC Information Services, Inc.* ("*NADA*") cases cited by PMIC are inapposite. *NADA*, 1991 U.S. Dist. LEXIS 18874 (N.D.Ill. 1991).[3] The *Code Technology* case involved a privately developed building code that the state of Massachusetts adopted as a set of administrative regulations. 628 F.2d at 731. Because that building code provided for self-executing guidelines and violations of these guidelines could lead to sanctions, the *Code Technology* court held that the subject building code was not entitled to copyright protection. 628 F.2d at 734. Unlike the *Code Technology* building code, the CPT does not have self-executing guidelines and there is no provision for sanctions. Further, the Agreement provides

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[3] As this Court noted in its July 25 Order, the *NADA* case is distinguishable because this matter was not decided on the merits regarding the copyright misuse claim. The *NADA* court merely denied the motion for preliminary injunction. July 25 Order, at p. 11, n. 2.

that the HCFA may terminate its agreement with the AMA and discontinue use of the CPT upon 90 days written notice. Agreement, ¶ 10. Thus, the legislature need not take any formal legal action to repeal the CPT to cease the use of the CPT for reporting purposes, as required with a "law".

Del Madera is directly on point with this case. Like *Del Madera*, the CPT is not a self-executing ordinance. The CPT is a reference book with descriptions of medical procedures and corresponding numerical codes. In essence, the CPT is used to facilitate the procedural implementation of a federal law, but the CPT does not affect nor alter any physician's substantive rights. The CPT does not prescribe the conditions under which a particular medical service is subject to reimbursement. The federal government does not have to repeal a statute or ordinance to cease using the CPT for Medicaid or Medicare reporting. The HCFA need only give the AMA 90 days written notice of termination of the Agreement. The CPT does not sound like, look like nor act like a law.

The HCFA recognized that the AMA's copyright must be preserved "to ensure both that CPT would be maintained in a consistent and reliable form for the foreseeable future and that it would be updated in a timely manner." Brown Decl., ¶ 6. The Agreement specifically acknowledges the validity of the AMA's copyright in the CPT and the HCFA's intention not to destroy that copyright by utilizing the medical coding system provided in that private work. Agreement, ¶ 3(c).

This Court notes that public policy concerns also militate against PMIC's position that the CPT is a law and is therefore invalid. PMIC's position would amount to an unlawful taking of private property. Under PMIC's position, the government could adopt any portion of a private copyrighted work for any purpose and at any time, and the copyright would be invalidated. Such a scenario would have a complete chilling effect upon private industry. Private industry would have no incentive to spend enormous sums on research and development knowing that the government could at any time incorporate such work. Brooke Decl., ¶¶ 7-8, 10. Under this reasoning, the public would also suffer because the government would be required to invest vast tax dollars to research areas which in the past the government has had the ability to utilize the private sector's advancements.

In essence, PMIC merely seeks to plagiarize the private work of the AMA without compensating the AMA for its copyright. PMIC is not entitled to do so. Based upon the foregoing, this Court rejects PMIC's claim that the AMA consented to the government's adoption of the CPT as law and finds that the CPT is not a "law", the CPT is entitled to copyright protection, and grants the AMA's Motion for Summary Judgment on this ground.

3. PMIC's Position Would Amount To An Unlawful Taking.

This Court has already ruled that destruction of the AMA's copyright in the CPT would amount to an

unlawful taking of the AMA's property. July 25 Order, at p. 10. This Court specifically found that:

> "PMIC has failed to sufficiently rebut the AMA's takings argument. As the AMA points out, '[a]n interest in a copyright is a property right protected by the due process and just compensation clauses of the Constitution.' *See* Opposition at 14-15; *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 493 U.S. 961 (1983). This Court is unwilling to hold, at this time, that the AMA somehow waived its property rights in the CPT by encouraging the government to adopt the CPT as the industry standard for obtaining reimbursement for various medical procedures."

Id. As noted in Section 2 *supra*, PMIC's position would amount to a full scale taking of thousands of copyrights by the federal government and would subject the government to millions of dollars in just compensation awards. The *Roth* court noted that:

> "the spectre of a constitutional issue concerning the proper application of the 'takings clause'. . . is sufficient cause to construe the statute" to avoid reaching issues under the Takings Clause."

710 F.2d at 939. There is more than ample evidence before this Court which indicates that the Takings Clause of the Constitution would be violated if the Court were to adopt PMIC's position. Therefore, this Court again finds that PMIC has failed to rebut the AMA's takings argument.

4. PMIC's Copyright Misuse Claim Is Without Merit.

PMIC contends that the AMA has misused its copyright in the CPT by violating the Clayton Act through its exclusive dealing arrangement with the HCFA. PMIC also contends that the AMA's conduct constitutes copyright misuse by analogy to the antitrust laws. This Court disagrees. Although this Court acknowledges that some courts have recognized the copyright misuse claim (*Broadcast Music, Inc. v. Hearst/ABC Viacom Entertainment Servs.*, 746 F. Supp. 320 (S.D.N.Y. 1990)), this Court finds that the undisputed facts demonstrate that the Agreement does not amount to copyright misuse. This Court previously ruled that the PMIC failed to show sufficient evidence of copyright misuse. July 25 Order, at pp. 15-16. This Court also previously distinguished the *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990) case so heavily relied upon by PMIC again in its present opposition and cross-motion.[4]

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[4] The other cases cited by PMIC on its copyright misuse argument are also distinguishable from the present case. *Saturday Evening Post Co. v. Rumbleseat Press,*

Inc., 816 F.2d 1191, 1200 (7th Cir. 1987) (the court denied a copyright misuse claim for failure to prove a violation of antitrust law and noting that there is less danger of monopoly in the copyright context than in the patent arena); *National Cable Television Association, Inc. v. Broadcast Music, Inc.*, 772 F. Supp. 614, 652 (D.D.C. 1991) (where court held that the infringers failed to prove any violation of the antitrust laws or that the patentee somehow illegally extended its monopoly or violated the public policy underlying the copyright law to establish patent misuse. The court noted that "any anticompetitive effects" engendered by the patentee "are outweighed by the beneficial effects" that promote the "important public purposes of the Copyright Act: the compensation of copyright proprietors for the public performances of their works."); *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 668 (Fed. Cir. 1986) (involving a patentee whom the court assumed was requiring others to lease a non-patented machine to obtain a license to use a patent. Patentee failed to provide evidence that the machine was covered by the same patent, as alleged, and the court therefore construed the subject machine as unpatented and granted summary judgment against the patentee on the grounds of patent misuse); *Berlenbach v. Anderson and Thompson Ski Co., Inc.*, 329 F.2d 782, 784 (9th Cir. 1964), *cert. denied*, 379 U.S. 830 (1964) (the court granted summary judgment on the patent misuse defense on the grounds that the patentee entered into a licensing agreement which also required the exclusive sales of non-patented items with patented items); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 136-137 (1969) (the court granted an injunction finding patent misuse by a patentee who

PMIC has failed to provide this Court with any new or persuasive evidence to support its copyright misuse claim. The law and undisputed facts before this Court demonstrate that the Agreement does not violate public policy and does not constitute copyright misuse. The Agreement is freely terminable upon 90 days written notice; the HCFA on its own initiative sought a single national medical code for use in Medicare and Medicaid reimbursements; and the AMA did not coerce the HCFA to choose one code over others or to accept the AMA's royalty-free license to use the CPT. Brown Decl., ¶¶ 3, 6, 9. As a result, this Court finds that Agreement between the AMA and the HCFA does not constitute copyright misuse and **denies** PMIC's Cross-Motion for Summary Judgment on this ground and **grants** the AMA's Motion for Summary Judgment.

In granting the AMA's Motion for Summary Judgment as to the declaratory judgment claim for relief,[5] this Court does not reach the viability of PMIC's new

---

required payment of royalties whether or not a sale or the intended use involved a patented product).

[5] The AMA's and PMIC's motions for summary judgment were filed prior to the filing of the First Supplemental Complaint which stated eight new claims for relief.

claims for relief set forth in the First Supplemental Complaint.

IT IS SO ORDERED.

DATED: DEC. 5, 1994. /s/ DICKRAN TEVRIZIAN
Dickran Tevrizian, Judge
United States District Court

APPENDIX F

ENTERED
DEC. 8, 1994
Clerk, U.S. District Court
Central District of California
By /s/ Deputy

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation,

Plaintiff-Counterdefendant,

vs.

AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,

Defendants.

CASE NO. CV 94-3107 DT (GHKx)

ORDER GRANTING DEFENDANT AMERICAN MEDICAL ASSOCIATION'S MOTION FOR PRELIMINARY INJUNCTION

Background[1]

By Stipulation, plaintiff Practice Management Information Corporation ("PMIC") agreed not to reproduce, publish, distribute or release its own version of the reference work the *Physicians' Current Procedural Terminology* ("CPT") before the AMA's Motion for Partial Summary Judgment is heard on December 5, 1994. *See* Stipulation to Continue Hearing Date re AMA's Motion for Partial Summary Judgment, at pp. 1-2. PMIC previously indicated its intention to publish its own version of the CPT with purported changes and corrections before December 31, 1994. Declaration of James B. Davis, ¶¶ 20, 35, filed in support of PMIC's Motion for Preliminary Injunction dated June 26, 1994, ¶¶ 20, 35.

2. Procedural History.

PMIC filed its original Complaint on May 12, 1994. PMIC filed a motion for preliminary injunction against the AMA to enjoin the AMA from enforcing any copyrights in the CPT. This motion for preliminary injunction was denied by this Court on July 25, 1994 on the grounds that the CPT was sufficiently original to entitle it to copyright

---

[1] A detailed factual background is set forth in this Court's Order granting defendant American Medical Association's Motion for Summary Judgment and denying Plaintiff Practice Management Information Corporation's Cross-Motion for Partial Summary Judgment and said background is incorporated herein by this reference.

protection. ("July 25 Order"). This Court rejected three of the four arguments presented by PMIC. The only issue left for determination was whether the federal government could destroy a valid copyright for a privately created reference book where the federal government then requires all physicians to use that reference book when participating in a federal program and seeking reimbursements. July 25 Order, at pp. 12-16.

On August 23, 1994, the parties signed a Stipulated Protective Order in which they agreed that certain evidence pertinent to this case may contain confidential or trade secret information and that such evidence or information would be designated as confidential.

On September 22, 1994, by Stipulation with PMIC, the AMA filed its Answer and Second Amended Counterclaim.

On October 21, 1994, the AMA filed a Motion for Partial Summary Judgment seeking a judgment that the federal government's requirement that physicians use the CPT when participating in a federal program destroys [sic: does not destroy] a valid copyright in a privately created reference work. This motion is now before this Court and is addressed in a separate order.

On November 7, 1994, PMIC filed its Cross-Motion for Summary Judgment of Copyright Invalidity. This motion is also now before this Court and is addressed in

a separate order along with the AMA's Motion for Summary Judgment.

On November 14, 1994, AMA filed the present Motion for Preliminary Injunction to enjoin PMIC from infringing on AMA's copyright in CPT, including the use of any portion of the CPT for sale with the AMA's express written authorization. This motion is presently before this Court.

On November 15, 1994, PMIC filed its First Supplemental Complaint by Stipulation with the AMA. The First Supplemental Complaint, in addition to the original request for declaratory judgment, also seeks monetary damages for statutory and common law unfair competition, intentional interference with contractual relationships, intentional interference with prospective economic advantage, false representation, specific performance, breach of contract and breach of the covenant of good faith and fair dealing. The First Supplemental Complaint does not appear to affect any of the motions presently before this Court.

Discussion

1. Standard.

The plaintiff is required to show that he will suffer irreparable injury and that he is likely to prevail on the merits. *Doran v. Salem Inn, Inc.*, 422 U.S. 922, 931 (1975); *Johnson Controls, Inc. v. Phoenix Control Syst.*,

Inc., 886 F.2d 1173, 1174 (9th Cir. 1989). The *Johnson Control* court stated that where a party seeks to enforce its copyright, "a showing of a reasonable likelihood of success on the merits raises a presumption of irreparable harm." 886 F.2d at 1174; *see also Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1254 (3d cir. 1983), cert. dismissed, 464 U.S. 1033 (1984), where the court found a presumption of irreparable injury when evidence demonstrated a significant amount of time, effort and money were directed to the production of the copyrighted material. Therefore, the moving party need only show a likelihood of success on the merits and need not also demonstrate the danger of irreparable harm. 3 M. Nimmer & D. Nimmer, *Nimmer on Copyright*, § 14.06[A], at pp. 14-85 to 14-86 (1994).

2. The AMA Is Entitled to A Preliminary Injunction Against PMIC.

PMIC contends that it will suffer extreme and irreparable harm if this motion is granted.[2] PMIC also contends that the AMA has not suffered any harm, the AMA's harm to the public claim is groundless and the AMA's delay in seeking injunctive relief bars the AMA's request. This Court disagrees.

---

[2] PMIC also contends that the injunction sought is overbroad. This argument is now moot given the AMA's clarification that it does not seek to enjoin PMIC publications which do not copy or modify the 1995 CPT.

The AMA is only required to demonstrate a likelihood of success on the merits to prevail on the present motion for preliminary injunction. As this Court has already determined with the AMA's Motion for Partial Summary Judgment, the AMA has a valid and enforceable copyright for the CPT. This Court has also determined in its lengthy order regarding the motion for partial summary judgment that (1) the AMA's copyright is not invalidated by the government's use of the designations set forth in the CPT; (2) the CPT is not a "law", as PMIC has argued at length, and (3) the CPT does not fall within the narrow exception of the Copyright Act for statutes and opinions.

In addition, this Court rejects PMIC's contention that this motion is untimely. The AMA has indicated that it seeks only to enjoin the copying and publication of any works incorporating portions of the 1995 CPT by PMIC. The 1995 CPT was published just two weeks ago. Therefore, this Court finds that this motion is timely.

Finally, this Court has already determined that one source researching and updating the 1995 CPT best advances public policy. Order re the AMA's Motion for Summary Judgment, at p. 14-15, citing the Declaration of Judith Brown, ¶¶ 6-8. Allowing PMIC to modify and publish different versions of the 1995 CPT will greatly increase the AMA's own costs to verify and resolve conflicts in the PMIC's versions with the AMA's versions of the 1995 CPT to maintain the integrity of the 1995 CPT and its own reputation. Further, multiple modified versions of the 1995 CPT with different codes could

confuse physicians and the government who rely on the accuracy and uniformity of the 1995 CPT and could substantially impair the reimbursement process. This Court rejects PMIC's suggestion that limited monetary damages in the realm of licensing fees will adequately compensate the AMA. This Court recognizes the enormous resources that are devoted to the research and development of private resource works like the CPT and the statutory damages to which a copyright holder is entitled. This Court also recognizes that multiple modified versions of the 1995 CPT could cause damage to the AMA's and the CPT's reputation.

Based upon this Court's findings, the AMA is entitled to a preliminary injunction against PMIC enjoining PMIC from reproducing the 1995 CPT or from publishing, distributing, releasing, modifying or conducting any other activity which infringes the AMA's copyright in the 1995 CPT. Therefore, this Court grants the AMA's Motion for Preliminary Injunction. This Order does not affect any other PMIC publications.

3. The AMA Is Required To Post A Reasonable Bond.

Rule 65(c) of the Federal Rules of Civil Procedure provides that this Court may prescribe a proper bond that will compensate a party who is wrongfully enjoined as a prerequisite for an injunction. PMIC has requested the AMA be required to post a bond in the amount of $1,750,000. This Court finds this amount is excessive and

unwarranted. A review of PMIC's figure demonstrates that $750,000 of that amount represents the sale of books which are not covered by the injunction requested herein. In addition, this Court cannot make a determination of the propriety of the remaining amount of this figure because PMIC has presented incompetent hearsay and conclusory evidence as the basis for this figure. This Court finds a reasonable bond in the amount of **$100,000** is justified and orders the AMA to post a bond in that amount **on or before 12:00 P.M., Friday, December 9, 1994**.

IT IS SO ORDERED.

DATED: DEC. 5, 1994. /s/ DICKRAN TEVRIZIAN
Dickran Tevrizian, Judge
United States District Court

APPENDIX G

ADDITIONAL STATUTES AND REGULATIONS INVOLVED

Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191, 110 Stat. 2021:

42 U.S.C. § 1320d(1):

> Code Set. The term "code set" means any set of codes used for encoding data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes.

42 U.S.C. § 1320d-2(c):

> **Code Sets.** (1) In general. The Secretary shall adopt standards that —
>
> > (A) select code sets for appropriate data elements for the transactions referred to in subsection (a)(1) from among the code sets that have been developed by private and public entities; or
> >
> > (B) establish code sets for such data elements if no code sets for the data elements have been developed.

42 U.S.C. § 1320d-4(b):

Compliance with standards. (1) Initial compliance. (A) In general. Not later than 24 months after the date on which an initial standard or implementation specification is adopted or established under sections 1172 and 1173 [42 U.S.C. §§ 1320d-1, 1320d-2], each person to whom the standard or implementation specification applies shall comply with the standard or specification.

42 U.S.C. § 1320d-5(a):

General penalty. (1) In general. Except as provided in subsection (b), the Secretary shall impose on any person who violates a provision of this part [42 U.S.C. §§ 1320d et seq.] a penalty of not more than $100 for each such violation, except that the total amount imposed on the person for all violations of an identical requirement or prohibition during a calendar year may not exceed $25,000.

Omnibus Budget and Reconciliation Act of 1986, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040:

REPORTING OF OPD SERVICES USING HCPCS. - Not later than July 1, 1987, each fiscal intermediary which processes claims under part B of title XVIII of the Social Security Act [Medicare Part B] shall require hospitals, as a condition of payment for outpatient hospital services under that part, to report claims for payment for such services under such part using a HCFA Common Procedure Coding System.

20 C.F.R. § 10.411(c):

Bills submitted by providers which are not itemized on the American Medical Association "Health Insurance Claim Form" (for physicians) or the Uniform Bill (UB-82) (for hospitals), or are not signed by the provider and the claimant, or on which procedure are not identified by the provider using HCPCS/CPT codes or RCCs, or on which diagnoses and/or surgical procedures are not identified using ICD-9-CM codes, may be returned to the provider for correction and resubmission.

42 C.F.R. § 433.112(b):

HCFA will approve the system described in the APD if the following conditions are met:

* * *

(2) The system meets the system requirements and performance standards in Part 11 of the State Medicaid Manual, as periodically amended.

State Medicaid Manual, Ch. 11 § 11300:

To receive HCFA approval for funding under 42 CFR § 433, an existing or proposed system must:

* * *

-- Accept and use the HCFA Common Procedures Coding System (HCPCS).

CAL CODE REGS. tit. 22, § 51050 (1994):

Physicians' Current Procedural Terminology means a coded listing and description of medical services prepared and updated annually by the American Medical Association. The Physicians' Current Procedural Terminology, 1987, and subsequent editions, is herein incorporated by reference into these regulations.

CAL CODE REGS. tit. 1, § 20(e) (1994):

Where a regulation which incorporates a document by reference is approved by OAL and filed with the Secretary of State, the document so incorporated shall be deemed to be a regulation subject to all provisions of the APA.

APPENDIX H

September 22, 1997

BY HAND DELIVERY

Christopher Vasil
Assistant Deputy Clerk
Office of the Clerk
Supreme Court of the United States
One First Street, N.E.
Washington, D.C. 20543

Re: PMIC v. AMA, No. 97-401

Dear Mr. Vasil:

I am writing on behalf of the American Medical Association ("AMA") in response to the letter dated September 5, 1997 to you from Mr. Joseph R. Re, counsel for petitioner Practice Management Information Corp. ("PMIC") in the above-captioned matter.

At the time the petition was filed, the decision as to which petitioner seeks a writ of certiorari was pending before the Ninth Circuit on the AMA's timely filed petition for rehearing and suggestion for rehearing en banc. (In fact, that decision remains pending; on September 10, 1997, the Ninth Circuit directed PMIC to response to the AMA's petition, and PMIC has yet to file its response.) In these circumstances, there is no judgment for the Court to review. See, e.g., Department of Banking v. Pink, 317 U.S. 264, 266 (1942) (per curiam) ("A timely

petition for rehearing ... operates to suspend the finality of the ... court's judgment, pending the court's further determination whether the judgment should be modified so as to alter its adjudication of the rights of the parties."); Missouri v. Jenkins, 495 U.S. 33, 46 (1990 ("[W]hile the petition for rehearing is pending, there is no 'judgment' to be reviewed"). Accordingly, the petition was not timely field and, because it has now been docketed, should be denied. See 28 U.S.C. § 2101(c) ("any writ of certiorari . . . shall be taken or applied for within ninety days after the entry of such judgment or decree") (emphasis added); Supreme Court Rule 13.3 (time for filing runs "from" the date judgment is entered); see generally R. Stern, et al., Supreme Court Practice § 6.3, at 284-85 (7th ed. 1993).

Of course, were the Court to call for a response, the AMA would be pleased to file a brief in opposition on the merits.

We would be grateful if this letter could be submitted to the Court along with the petition and Mr. Re's letter. Thank you for your attention to this matter.

Very truly yours,

Mark E. Haddad

cc: Joseph R. Re, Esquire

APPENDIX I

September 5, 1997
VIA FEDERAL EXPRESS

Office of the Clerk
SUPREME COURT OF THE UNITED STATES
1 First Street, N.E.
Washington, D.C. 20543

Attn: Chris Vasil

Re: *Practice Management Info. Corp. v. American Medical Ass'n*
Undocketed Petition for Writ of Certiorari
Our Reference No.: PMICL.010LA1

Dear Mr. Vasil:

I am counsel of record for Petitioner Practice Management Information Corporation (PMIC). On August 29, 1997, I submitted a Petition for Writ of Certiorari to this Court for filing. The Respondent is the American Medical Association (AMA). Counsel for the AMA has informed me that his office contacted the office of the Clerk of this Court *ex parte* and argued over the telephone that PMIC's petition is premature under this Court's Rule 13.3. The AMA argued that PMIC could not petition for certiorari until the court below ruled on a Petition for Rehearing which the AMA had just filed. The AMA's Petition for Rehearing does not relate in any way

to the issues presented by PMIC's Petition for Writ of Certiorari.

On September 4, 1997, my office received a telephone call from the Office of the Clerk inviting PMIC to submit this letter responding to the AMA's prematurity argument. PMIC believes the Office of the Clerk has no authority to reject PMIC's petition and that the argument presented by the AMA is without merit. Accordingly, PMIC respectfully requests that its petition be docketed without further delay, with an effective docketing date of September 2, 1997.

A. The Office Of The Clerk Cannot Reject PMIC's Petition On Its Own Authority Because The Supreme Court Has Jurisdiction To Entertain It

The Office of the Clerk has authority to reject a Petition for Writ of Certiorari as untimely only if the petition is "***jurisdictionally*** out of time." Sup. Ct. Rule 13.2 (emphasis added). The Supreme Court's jurisdiction is governed by 28 U.S.C. § 2101(c). *See Missouri v. Jenkins*, 495 U.S. 33, 45 (1990). Section 2101(c) states that a Petition for Writ of Certiorari must be "applied for within ninety days after the entry of [the] judgment or decree." This statute merely imposes a ***deadline*** for filing a Petition for Writ of Certiorari. It sets no ***first*** date for filing before which a petition would be premature.

PMIC has plainly satisfied the jurisdictional requirement for timeliness. PMIC seeks review of a

decision of the United States Court of Appeals for the Ninth Circuit issued on August 6, 1997. Pursuant to Rule 36 of the Federal Rules of Appellate Procedure, the Clerk of the Ninth Circuit entered judgment on that day, upon receipt of the Ninth Circuit's opinion. Thus, this Court has jurisdiction to entertain any petition filed on or before November 4, 1997. PMIC filed and served its Petition for Writ of Certiorari upon the AMA on August 29, 1997. Because PMIC has satisfied the jurisdictional requirement for timeliness, the Office of the Clerk must docket PMIC's petition.

B. PMIC's Petition Fully Complies With This Court's Rules

The AMA does not even appear to argue that PMIC's petition is jurisdictionally out of time. Instead, it argues that PMIC's petition is not timely under this Court's Rule 13. This Court's jurisdiction, however, is set by statute, not by the Court's own rules. Thus, even accepting the AMA's interpretation of this Court's rules, the Office of the Clerk must accept PMIC's petition for docketing. The AMA would then be free to formally raise any non-jurisdictional defect with the Court or a Justice by motion.

In any event, PMIC's petition is timely under this Court's rules. Rule 13.1 provides that "a petition for writ of certiorari . . . is timely filed with the Clerk of this Court within 90 days after entry of the judgment." By its plain terms, this rule, like the jurisdictional statute, merely

sets a deadline for filing a Petition for Writ of Certiorari. It does not set the first date on which a petition may be filed. Thus, PMIC's petition is proper under Rule 13.1.

Rule 13.3 merely postpones the deadline for filing a Petition for Writ of Certiorari in the event that a Petition for Rehearing is filed in the Court of Appeals. Rule 13.3 provides that the 90-day deadline set by Rule 13.1 "runs from the date of the denial of the petition for rehearing or, if the petition for rehearing is granted, the subsequent entry of judgment." Like Rule 13.1, this rule does not even address the earliest date on which a petition may be filed. It merely extends the deadline for filing. Indeed, nothing in Rule 13, or anywhere else in this Court's rules, suggests that there is an early date before which a petition may not be filed.

In this case, the AMA filed a Petition for Rehearing in the Ninth Circuit on August 20, 1997. Pursuant to Rule 13.3, that Petition extends the time during which the AMA and PMIC are permitted to file a Petition for Writ of Certiorari. However, by its plain terms, Rule 13.3 simply does not deprive a party of the opportunity to seek prompt review by this Court if that party so desires.

By telephone, the Office of the Clerk referred PMIC to the authorities which it believed might suggest that PMIC's filing is premature. Specifically, the Office of the Clerk referred to Chapter 6.3 of Stern & Gressman's *Supreme Court Practice*, and the cases cited therein. The

cases cited by Stern & Gressman provide no support for the suggestion that PMIC's petition is premature.

In Chapter 6.3, Stern & Gressman set forth the rule that filing a Petition for Rehearing extends the 90-day deadline for filing a Petition for Writ of Certiorari, as discussed above. Stern & Gressman also suggest that a Petition for Rehearing may render premature a Petition for Writ of Certiorari. However, there is no support whatsoever in this Court's decisions for Stern & Gressman's assertion. Stern & Gressman cite only *Missouri v. Jenkins*, 495 U.S. 33, 45-50 (1990), for support. However, *Missouri v. Jenkins* provides absolutely no support for this proposition. *Missouri v. Jenkins* is a case in which the petitioner filed its petition ***after*** the 90-day deadline. In fact, the petitioner sought to file its petition a full 134 days after entry of judgment in the Court of Appeals. *Id.* at 44. This Court concluded that the petition was nevertheless timely because a Petition for Rehearing had in effect been filed in the Court of Appeals. *Id.* at 45-50.

This Court in *Missouri v. Jenkins* simply was not presented with the question of whether a petition was premature. Moreover, this Court did not discuss the earliest date on which a Petition for Writ of Certiorari can be filed. Nor did this Court discuss whether a filing in a lower court can somehow convert a timely Petition for Writ of Certiorari into a premature one. The issue was not presented, and was not discussed even in *dicta*.

Stern & Gressman do not cite a single case in which this Court rejected a Petition for Writ of Certiorari as premature, due to the filing of a Petition for Rehearing or for any other reason. Nor do they cite a single case in which the Court has even suggested that it would reject a Petition for Writ of Certiorari as premature. Similarly, PMIC has been unable to locate any case in which this Court has rejected a Petition for Writ of Certiorari as premature, or has suggested that it would do so. To the contrary, 28 U.S.C. § 2101(e) and this Court's Rule 11 permit the filing of a Petition for Writ of Certiorari even ***before*** entry of judgment below. Plainly, if this Court may grant a petition before judgment has even been entered, PMIC's petition is not premature.

Moreover, even the reasoning presented by Stern & Gressman has no applicability to this case. In their brief discussion of the issue, Stern & Gressman expressed concern that the lower court might alter its judgment based upon the arguments presented in a Petition for Rehearing, and thus alter the issues before this Court. There is no possibility of that occurring here. The AMA's Petition for Rehearing raises only those issues on which the AMA lost below. PMIC's Petition for Writ of Certiorari, in contrast, raises only those issues on which PMIC lost below. Thus, there is no risk that the Ninth Circuit will even address the issues raised by PMIC's petition.

In any event, it would be improper for the Office of the Clerk to reject PMIC's petition on its own authority

based solely upon the opinion of Stern & Gressman. The Office of the Clerk should not reject a petition without direct guidance from a controlling Supreme Court case or unambiguous guidance from a statute or Rule of Court.

The interpretation of Rule 13 proposed by the AMA should be rejected for still another reason – it is completely unworkable. Litigants can and do file Petitions for Writs of Certiorari before an opposing party files a Petition for Rehearing in the court below. Indeed, that almost occurred in this case; PMIC served its Petition for Writ of Certiorari just eight days after the AMA filed its Petition for Rehearing. When a party files a Petition for Writ of Certiorari before any Petition for Rehearing is filed, this Court unquestionably must docket the petition. Yet, under the AMA's interpretation of Rule 13, the petition would suddenly become premature if the opposing party later filed a Petition for Rehearing in the court below. Plainly, that cannot be the law. A properly docketed case cannot become premature based upon another party's subsequent actions. Once a case is properly docketed, it can be removed from the docket only by a motion to dismiss, not by a phone call from the opposing party and the actions of the Office of the Clerk.

Here, PMIC filed its petition promptly because it seeks a prompt adjudication from this Court. Unlike most litigants, PMIC did not delay its filing until the last minute. Instead, it has done everything in its power to obtain the fastest possible ruling on its petition. Yet, the AMA has already successfully delayed resolution of

PMIC's petition merely by telephoning the Office of the Clerk *ex parte*. It is grossly unfair, and procedurally improper, for the AMA to thwart a speedy resolution of this case through an *ex parte* telephone call to the Court.

If the AMA has good reason to delay PMIC's petition, proper channels are available to it. For good cause, the AMA may seek an extension of time to file its opposition under Rule 15.3. Unlike the informal way the AMA has chosen, a motion to extend time ultimately must be approved by the Court or a Justice. *See* Sup. Ct. Rules 15.3, 30.4. Similarly, if the AMA believes PMIC's petition is premature or otherwise improper, it may file a motion to dismiss under Rule 21. Again, such a motion must be directed to the Court or a Justice. *See* Sup. Ct. Rules 21-22. The Office of the Clerk should not, on its own authority, effectively grant the AMA relief for which a motion is required.

For these reasons, PMIC respectfully requests that its Petition for Writ of Certiorari be docketed without further delay. The official date of docketing should be September 2, 1997, when PMIC's Petition for Writ of Certiorari arrived at the Court. That is the date on which the petition should have been docketed in the first instance, and there is no reason to docket the petition on a later date. The AMA will not be prejudiced by this docketing date because it was served with PMIC's petition

on August 29, 1997, and has had the petition in its possession since September 2, 1997.

Respectfully submitted,

Joseph R. Re
Counsel of Record for Petitioner
Practice Management
Information Corp.

cc: Jack Bierig, Esq. (counsel for Respondent)
(via Federal Express)

Supreme Court, U.S.
FILED
MAR 2 1998
CLERK

No. 97-1254

IN THE
Supreme Court of the United States
OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORP.,
Petitioner,

v.

AMERICAN MEDICAL ASSOCIATION,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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Attorneys for Respondent

* Counsel of Record

March 2, 1998

WILSON - EPES PRINTING CO., INC. - 789-0096 - WASHINGTON, D.C. 20001

QUESTIONS PRESENTED

1. Whether a government decision to require participants in certain federally funded health care programs to report claims for reimbursement using the American Medical Association's preexisting and privately authored copyrighted work of medical nomenclature, the *Physician's Current Procedural Terminology* ("*CPT*"), has transformed *CPT* into a "law" and thereby divested the AMA of its copyright in that work?

2. Whether *CPT*, a creative work of medical nomenclature, is a "system" uncopyrightable under 17 U.S.C. § 102(b), such that it may be copied wholesale for commercial use by competitors?

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
TABLE OF AUTHORITIES	iv
COUNTERSTATEMENT OF THE CASE	2
Factual Background	2
Procedural Background	4
REASONS FOR DENYING THE PETITION	6
I. BASED ON ESTABLISHED LEGAL PRINCIPLES, THE COURT BELOW CORRECTLY DETERMINED THAT THE AMA'S COPYRIGHT IN *CPT* WAS NOT DIVESTED BY A GOVERNMENT DECISION TO REQUIRE USE OF THAT WORK IN CONNECTION WITH CERTAIN FEDERALLY FUNDED HEALTH CARE PROGRAMS	7
II. WHETHER *CPT* IS AN UNCOPYRIGHTABLE "SYSTEM" UNDER SECTION 102(b) OF THE COPYRIGHT ACT PRESENTS A FACT-BOUND QUESTION, CORRECTLY DECIDED BELOW, THAT IMPLICATES NO DECISIONAL CONFLICT AMONG THE CIRCUITS	12
CONCLUSION	18

TABLE OF AUTHORITIES

CASES — Page

American Dental Ass'n v. *Delta Dental Plans Ass'n*, 126 F.3d 977 (7th Cir. 1997) 13, 14, 15
Atari Games Corp. v. *Nintendo of Am. Inc.*, 975 F.2d 832 (Fed. Cir. 1992) 14
Baker v. *Selden*, 101 U.S. 99 (1879) 13, 14
Banks v. *Manchester*, 128 U.S. 244 (1888) 5
Brief English Sys., Inc. v. *Owen*, 48 F.2d 555 (2d Cir. 1931) 14, 16
Building Officials & Code Admin. v. *Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980) 5, 9, 10
CCC Info. Servs., Inc. v. *Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994) 6, 8, 9
CMM Cable Rep, Inc. v. *Ocean Coast Properties, Inc.*, 97 F.3d 1504 (1st Cir. 1996) 16
Del Madera Properties v. *Rhodes & Gardner, Inc.*, 637 F. Supp. 262 (N.D. Cal. 1985), *aff'd*, 820 F.2d 973 (9th Cir. 1987) 9
Educational Testing Servs. v. *Katzman*, 793 F.2d 533 (3d Cir. 1986) 14
Feist Publications, Inc. v. *Rural Tel. Serv., Co.*, 499 U.S. 340 (1991) 13
Lotus Dev. Corp. v. *Borland Int'l, Inc.*, 49 F.3d 807 (1st Cir. 1995), *aff'd by equally divided Court*, 516 U.S. 233 (1996) 10, 14, 16, 17
Mazer v. *Stein*, 347 U.S. 201 (1954) 13
Publications Int'l, Ltd. v. *Meredith Corp.*, 88 F.3d 473 (7th Cir. 1996) 14, 15, 16
Rand McNally & Co. v. *Fleet Mngmt. Sys., Inc.*, 591 F. Supp. 726 (N.D. Ill. 1983) 8
Ratzlaf v. *United States*, 510 U.S. 135 (1994) 17
Roth v. *Pritikin*, 710 F.2d 934 (2d Cir. 1983) 12
Schnapper v. *Foley*, 667 F.2d 102 (D.C. Cir. 1981) 12
Toro Co. v. *R & R Prods. Co.*, 787 F.2d 1208 (8th Cir. 1986) 13, 14, 15
Warren Publ'g, Inc. v. *Microdos Data Corp.*, 115 F.3d 1509 (11th Cir.) (*en banc*), *cert. denied*, 118 S. Ct. 397 (1997) 15, 17

TABLE OF AUTHORITIES—Continued

STATUTES, LEGISLATIVE MATERIALS AND REGULATIONS

	Page
17 U.S.C. § 102(b)	*passim*
42 U.S.C. § 1395w-4(c)(5)	3
H.R. Rep. No. 94-1476 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659	13
47 C.F.R. § 61.23	11
48 Fed. Reg. 16,750 (1983)	4
58 Fed. Reg. 57,643 (1993)	11

COURT RULE

Sup. Ct. R. 13.2	1
Sup. Ct. R. 14.1(a)	17

OTHER AUTHORITY

1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* (1997 ed.)	11, 13

IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

No. 97-1254

PRACTICE MANAGEMENT INFORMATION CORP.,
Petitioner,

v.

AMERICAN MEDICAL ASSOCIATION,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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RESPONDENT'S BRIEF IN OPPOSITION

Four months ago, this Court denied a substantively identical petition for certiorari filed by petitioner Practice Management Information Corp. in this case. *Practice Mngmt. Info. Corp.* v. *American Medical Ass'n*, 118 S. Ct. 339 (1997) (No. 97-401). Petitioner now makes this successive filing, asserting that its first petition was denied only on "ripe[ness]" grounds (Pet. 1). Whether or not that is true, of course, is known only to the Court. The fact that the Clerk filed the first petition rather than returning it to petitioner as untimely suggests, however, that the prior denial of certiorari was on the merits, not merely procedural. See Sup. Ct. R. 13.2 (Clerk may not file untimely petitions for certiorari).

In any event, this second petition offers no more reason for Supreme Court review than did the first. Now, as then, petitioner seeks review of fact-bound questions cor-

rectly decided by the court of appeals under settled law, as to which there is no conflict among the Circuits. Accordingly, the petition for certiorari should be denied.

COUNTERSTATEMENT OF THE CASE

The background section of the petition gives but scant attention to *CPT*, the work here at issue. It focuses instead on the supposed "history" of "privately drafted laws" (Pet. 4-6) and a reargument of petitioner's claims (Pet. 7-10), rejected by the court of appeals below, that *CPT* has been "adopted into law at both the federal and state levels" (Pet. 10). Respondent American Medical Association ("AMA") therefore sets forth the following factual statement.[1]

Factual Background

1. Since 1966, the AMA has published *Physicians' Current Procedural Terminology* ("*CPT*"). As the district court found (Pet. App. E7), *CPT* sets forth "original" textual descriptions of medical procedures. It also assigns a five-digit numeric code to each description and includes two-digit modifiers to indicate common variations in such factors as extensiveness of medical service.

Like other works of medical nomenclature, *CPT* enables physicians to communicate concisely with colleagues, patients, and insurers about the procedures that they have performed. It enables use of a concise, multi-digit code instead of a time-consuming verbal description. Consequently, *CPT* is used for a variety of purposes, including widespread application in connection with internal hospital record-keeping systems and medical research. *CPT*'s use in state and federal reimbursement programs is just one

[1] In citing the record, the AMA cites two sources in addition to the opinion of the court of appeals: (1) volume II of PMIC's Excerpts of Record, abbreviated simply as "ER," and (2) the AMA's Supplemental Excerpts of Record, abbreviated as "SER." The numeral following this designation indicates the tab in either ER or SER corresponding to the clerk's record on appeal. A copy of the 1994 *CPT* appears as volume I of PMIC's Excerpts of Record.

of its many uses. See SER 20-1, pp. 3-4, ¶ 6; SER 22, p. 2, ¶ 3.

The AMA has devoted enormous original effort to the creation, development, and updating of this work over the past thirty years. The first edition of *CPT*, published in 1966, described 3,634 surgical, medical, radiology and laboratory procedures, and assigned each a four-digit code. The second edition of *CPT*, published in 1970, introduced five-digit codes and assigned numbers to many newly described medical procedures. A third edition in 1973 added the use of two-digit modifier codes to allow physicians greater precision in reporting. The fourth edition, first published in 1977, incorporated many revisions reflecting rapid technological developments. By 1993, *CPT* included, in addition to textual description, 6,925 codes and 26 types of modifiers. SER 20-2, p. 1.

The AMA revises *CPT* each year to reflect on-going medical developments. The AMA staff initially reviews all suggestions for change. Suggestions that raise new issues about medical nomenclature—or shed new light on previously considered issues—are forwarded to members of the AMA's *CPT* Advisory Committee. Final decisions on changes are made by the AMA's *CPT* Editorial Panel, a 14-member body. In a typical year, the AMA staff adds, deletes, and substantially revises hundreds of codes. See SER 20-1, pp. 4-7, ¶¶ 7-10.

2. The Health Care Financing Administration ("HCFA") is the federal subagency that administers the Medicare and Medicaid programs. In 1977, HCFA recognized that it needed a uniform code for Medicare and Medicaid to facilitate the processing of reimbursement requests. See generally 42 U.S.C. § 1395w-4(c)(5). It examined three options: (1) developing its own code at taxpayer expense; (2) using *CPT*; or (3) using one of many other privately developed codes of medical nomenclature that compete with *CPT*, such as "SNOMED," maintained by the College of American Pathologists, or

ICD-9-CM. SER 20-2, pp. A-1 to A-2; see also SER 20-1, pp. 7-8, ¶ 12. After much study, HCFA concluded that the best option was to use *CPT*. *Id.*; see also 48 Fed. Reg. 16,750, 16,753 (1983); SER 47, p. 3, ¶ 6.

Accordingly, in 1983 HCFA and the AMA entered into a licensing agreement ("the Agreement") under which the AMA has given HCFA a royalty-free, non-exclusive license to use *CPT*. Pet. App. A3. The Agreement provides that HCFA will require the use of *CPT* in a variety of federal programs. Significantly, HCFA may terminate the Agreement at any time upon 90 days notice. ER 76, p. 4; SER 3-2, p. 4, ¶ 10. Thus, at any time, HCFA is free to require use of another work of medical nomenclature instead of *CPT*.

CPT, like other works of medical nomenclature, does not prescribe whether or not a physician is entitled to payment for medical procedures performed. Moreover, it does not prescribe the amount of any payment that may be due. *CPT* simply makes it easier to communicate the information needed to evaluate a claim for payment.

3. Although petitioner nakedly asserts (Pet. 17-18) that it is "undisputed" that the AMA has "restrict[ed] publication and distribution" of *CPT*, that assertion is both false and contrary to the record. As the court of appeals concluded (Pet. App. A7-A8), *CPT* is broadly disseminated and is not in short supply. Petitioner itself, which prior to this litigation purchased in excess of 100,000 copies of *CPT* each year, is among the largest purchasers of *CPT*. SER 20-1, pp. 7, 9-10, ¶¶ 11, 16; ER 76, p. 6. It thus is hardly surprising that, as the court of appeals noted (Pet. App. A7), "[t]here is no evidence that anyone wishing to use the *CPT* has any difficulty obtaining access to it."

Procedural Background

1. Three days after informing the AMA that it was "disappointed that PMIC was not provided with a better discount" (SER 21, p. 4, ¶ 8) and failing to extract fur-

ther price concessions beyond the 35% discount offered by the AMA, petitioner filed this lawsuit. Petitioner sought preliminary injunctive relief, a declaration that the AMA's copyright in *CPT* is invalid, and damages. The AMA filed a counterclaim, asserting copyright infringement and other federal and state law claims not relevant here.

The district court denied petitioner's motion for preliminary injunction on both legal and equitable grounds. The court, *inter alia*, rejected petitioner's claim that *CPT* is a " 'system' falling outside the scope of copyright protection." ER 34, pp. 16-20. Thereafter, on cross-motions for summary judgment, the district court also rejected petitioner's contention that the decision by the government to require use of *CPT* in connection with certain federal programs transformed *CPT* into an uncopyrightable "law" and thereby divested the AMA of its copyright in that work. ER 76. Accordingly, the court granted partial summary judgment in favor of the AMA and enjoined PMIC from copying *CPT*.

2. The court of appeals unanimously affirmed the district court's ruling that *CPT* is copyrightable. 121 F.3d 516 (9th Cir. 1997). The court first addressed petitioner's "argument that the *CPT* became law and entered the public domain when HCFA by regulation required its use." Pet. App. A5. Noting that this argument "rests ultimately upon *Banks* v. *Manchester*, 128 U.S. 244 (1888)," which held that judicial opinions are not copyrightable, the court noted that *CPT* is hardly analogous to judicial opinions. Pet. App. A5. Observing that the rule that "laws" are not copyrightable "grew out of a much different set of circumstances than do [privately authored works whose use is legally mandated]," the court refused to inhibit the " 'important public function' " that the drafters of such works perform. Pet. App. A9 (quoting *Building Officials & Code Admin.* v. *Code Tech., Inc.*, 628 F.2d 730, 736 (1st Cir. 1980) ("*BOCA*")). The contrary result, the court noted, " 'would raise very substantial problems under the Takings Clause of the Con-

stitution' " and would produce absurd results. Consequently, the court of appeals joined the Second Circuit in rejecting the view " 'that a state's reference to a copyrighted work . . . results in loss of the copyright.' " Pet. App. A10 (quoting *CCC Info. Servs., Inc.* v. *Maclean Hunter Market Reports, Inc.*, 44 F.3d 61, 74 (2d Cir. 1994)).

Next, the court of appeals turned to an argument made only in cursory fashion by petitioner—that "the *CPT* is an uncopyrightable industry standard or 'idea' under Section 102(b) of the Copyright Act[, 17 U.S.C. § 102(b)]." Pet. App. A11 n.8. The court held that the AMA has not sought to monopolize the "idea" of "coding" medical procedures. *Id.* Instead, the AMA merely seeks to prevent "wholesale copying" of its particular expression of the idea of medical coding, *i.e.*, *CPT*. Petitioner and others remain entirely free to develop their own works of medical nomenclature and to ask HCFA to require that such other works be used instead of *CPT*. *Id.*

3. While the AMA's timely petition for rehearing and suggestion for rehearing *en banc* on the independent copyright misuse issue[2] was pending before the court of appeals, petitioner filed its first petition for certiorari. This Court denied certiorari on October 20, 1997. *Practice Mngmt. Info. Corp.* v. *American Medical Ass'n*, 118 S. Ct. 339 (1997) (No. 97-401). Petitioner filed the instant petition raising the same issues presented in its first petition.

REASONS FOR DENYING THE PETITION

The petition for certiorari should be denied because the decision of the court of appeals merely involves the

[2] The court of appeals also ruled that although the AMA's copyright in *CPT* was and is valid, the AMA had "misused" its copyright by negotiating an agreement with HCFA to require the use of *CPT* in connection with certain government programs. Pet. App. A12-A14. The AMA plans to seek a writ of certiorari on that independent issue.

application of settled law to facts specific to this case. Although petitioner asserts that the court below held that "laws drafted by private organizations" are copyrightable (Pet. 17), that was not the ruling of the court of appeals. To the contrary, the court below expressly acknowledged the venerable rule that "laws" are not copyrightable (e.g., Pet. App. A5). Rather, the court held that *CPT* is not a "law" and that it was not transformed into a "law" when the government required its use in connection with certain public programs. The core holding in this case—that *CPT* is not a "law"—is a case-specific determination unworthy of this Court's review, and there is no conflict on the question whether government-mandated use of a privately authored work transforms the work into a "law" and thereby divests the author of its copyright.

The second question presented also does not merit review by this Court. The court of appeals' rejection of petitioner's argument that *CPT* should be deemed an uncopyrightable "system" under section 102(b) rests on the fact that *CPT* is merely one of any number of possible expressions of a work of medical nomenclature. Pet. App. A11 n.8. This holding also reflects the application of a settled rule of law to the specific characteristics of *CPT* and the medical coding industry. Accordingly, the Petition should be denied.

I. BASED ON ESTABLISHED LEGAL PRINCIPLES, THE COURT BELOW CORRECTLY DETERMINED THAT THE AMA'S COPYRIGHT IN *CPT* WAS NOT DIVESTED BY A GOVERNMENT DECISION TO REQUIRE USE OF THAT WORK IN CONNECTION WITH CERTAIN FEDERALLY FUNDED HEALTH CARE PROGRAMS.

A. The Petition rests on the unsupportable assumption that *CPT* is a "law" for purposes of the "laws" exception to copyright. The court of appeals properly rejected that assumption as erroneous. For more than a century, the exception for "laws" has "remained limited to

statutes and opinions promulgated by government officials for general application." *Rand McNally & Co.* v. *Fleet Mngmt. Sys., Inc.*, 591 F. Supp. 726, 736 (N.D. Ill. 1983). *CPT* does not even remotely resemble any of these classic forms of law.

CPT, which the AMA authored seventeen years *before* HCFA chose to require its use for Medicaid and Medicare purposes, does not prescribe whether, or to what extent, physicians or patients may receive reimbursement for a particular medical procedure. Rather, Congress and HCFA make the determination whether any given procedure, as described by a specific numeric code, will be reimbursed.[3] *CPT*, then, does not alter or affect anyone's legal rights in any respect. Instead, it performs but one role: It enables physicians and others to communicate effectively and concisely about medical services performed for patients. Thus, the court of appeals properly rejected petitioner's argument that *CPT* is a "law."

B. Once it is understood that *CPT* is not a "law," it becomes clear that the purported circuit split on the "copyrightability of privately drafted laws" (Pet. 19) is nonexistent. Contrary to petitioner's claim, there is no conflict between the decision below and *CCC Info. Servs., Inc.* v. *Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994) ("*CCC*"), on the one hand, and the

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[3] Petitioner attempts to obscure this fact by citing HCFA's use of *CPT* in the Medicare Fee Schedule (Pet. 8). As even a glance at the Fee Schedule reveals, however, *CPT* is used simply as a shorthand to communicate, after the fact, the medical services to which the government has assigned a particular level of reimbursement. Nothing in *CPT* itself affects the degree of reimbursement to which anyone is entitled. It also bears emphasis that petitioner does *not* simply wish to copy the Medicare Fee Schedule as it appears in the *Federal Register*. Instead, as petitioner stressed in the district court, it seeks the right to distribute the entirety of *CPT*'s written descriptions of medical procedures and numeric codes. *See* PMIC's Reply Brief In Support of Its Motion for Preliminary Injunction, at 4 (July 20, 1994).

decision in *Building Officials & Code Admin.* v. *Code Tech., Inc.*, 628 F.2d 730, 736 (1st Cir. 1980), on the other.

First, unlike this case and *CCC*, *BOCA* involved an actual model law—a building code drafted for the purpose of enactment into law—that was, with only "minor" exceptions, adopted as the official building code for the Commonwealth of Massachusetts. *Id.* at 732. Once promulgated by the state building authorities, the building code became a "self-executing ordinance" (*Del Madera Properties* v. *Rhodes & Gardner, Inc.*, 637 F. Supp. 262, 264 (N.D. Cal. 1985), *aff'd*, 820 F.2d 973 (9th Cir. 1987)), in the sense that it set forth binding legal rules governing the conduct of the public, the violation of which was punishable by "sanctions." 628 F.2d at 734.

In contrast, this case and *CCC* involve privately authored reference works not written for government enactment (here, *CPT*, a work of medical nomenclature; in *CCC*, a work of used-car valuations) whose use is required by the government in conjunction with certain programs. See *CCC*, 44 F.3d at 74; Pet. App. A10 (same). Because this case and *CCC* involved mere government-mandated use of preexisting reference works, *not* "laws," neither court reached the question discussed in *BOCA*.

Second, quite apart from whether *CPT* is a "law," there is no split with *BOCA* because *BOCA* did not announce the holding petitioner attributes to it. Petitioner asserts that in *BOCA* "[t]he First Circuit . . . squarely held that privately drafted laws are not protectable by copyright" (Pet. 13). This is misleading. As the courts below (Pet. App. A9) and in *CCC* (44 F.3d at 73-74) correctly noted, *BOCA* was not a decision on the merits, but rather a ruling on preliminary injunctive relief. The First Circuit reversed the preliminary injunction issued in BOCA's favor, concluding that "BOCA has not demonstrated a sufficient probability that it will succeed

in distinguishing the BOCA CODE materials promulgated by Massachusetts in its building code from statutes and judicial opinions which, under existing law, may not receive copyright protection." 628 F.2d at 736.

In so holding, the First Circuit expressly (and repeatedly) disclaimed the broad holding petitioner erroneously attributes to it (Pet. 13), stressing that it did *not* definitively rule on the merits. See, *e.g.*, *id.* at 732 ("We stop short, however, of ruling definitively on the underlying legal issues, since we feel that our final judgment should await the more complete hearing on the merits which may be anticipated in due course.").[4] Because *BOCA* explicitly limited its ruling to likelihood of success, without expressing a final view on the merits of any substantive copyright issues, *BOCA* simply cannot be in conflict with the decisions below and in *CCC*, which, unlike *BOCA*, were rulings on the merits that did not involve mere decisions as to the propriety of preliminary injunctive relief.

For each of these reasons, the supposed conflict that petitioner has identified is illusory—which is why the court below did not deem *BOCA* inconsistent with its opinion and explicitly relied on *BOCA* and *CCC* alike. Pet. App. A9-A11. Accordingly, the first question presented does not merit this Court's review.

C. The decision of the court below on this issue also reflects sound public policy. If the court had adopted petitioner's unprecedented view of what constitutes a "law," the implications would have been radical. Petitioner's view that government-required use of a copyrighted work transforms that work into a "law" would, if adopted, invalidate copyrights in a large number of works whose use

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[4] *See also BOCA*, 628 F.2d at 735 ("we do not rule finally on the question"); *id.* at 736 (although the court would "[n]ormally . . . expect to rule finally on such a 'legal' issue," "[w]e think it inadvisable to do so here"); *id.* ("we leave the matter open for consideration by the district court when the merits are reached").

is mandated by the government.[5] In this connection, the court of appeals specifically noted that several prominent non-profit organizations that develop copyrighted codes and standards filed a brief *amicus curiae* in support of the AMA "warn[ing] that they will be unable to continue to do so if the codes and standards enter the public domain when adopted by a public agency." Pet. App. A7.

Use by the government of privately copyrighted works is widely regarded as desirable. See *CCC*, 44 F.3d at 74 n.30; 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 5.06[C], at 5-92 (1997). Indeed, the Office of Management and Budget ("OMB") has directed all federal agencies to "adopt[]" private works "whenever practicable and appropriate." 58 Fed. Reg. 57,643, 57,644-45 (1993). The court of appeals' conclusion that the government may require use of a copyrighted work in connection with a government program without divesting the work of its copyright thus reflects sound public policy.

Petitioner's novel rule would essentially deprive government agencies of the ability to rely on privately authored works. Authors would lose any incentive voluntarily to allow the government royalty-free use of their works.

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[5] For instance, many courts require attorneys filing briefs to ensure that all citations conform to the current edition of the Harvard Law Review's *The Bluebook, A Uniform System of Citation*, a copyrighted publication colloquially referred to as the "Bluebook." *See, e.g.*, 11th Cir. R. 28-2(k); U.S. Ct. Mil. App. R. 24(c)(3) (1996 ed.). Even though such court rules mandate use of the Bluebook, it would be absurd to suggest that the Bluebook has thereby become an uncopyrightable "law" subject to copying for commercial uses. Other examples of copyrighted works that would become "laws" on petitioner's unprecedented view are: the Scholastic Aptitude Test (which is required by many public colleges and universities as a condition for admission) and certain word-processing programs (which must be used in reporting data to certain federal agencies). *See, e.g.*, 47 C.F.R. § 61.23 (1998) (requiring carriers making tariff filings at the Federal Communications Commission to "us[e] MS DOS 5.0 and WordPerfect 5.1 software").

Moreover, the consequence of permitting such use—forfeiture of copyright royalties—would eliminate the revenue that many authors (especially non-profit organizations) need to produce their work and perform their institutional missions. In addition, any government decision to appropriate the copyright in a private work would raise a substantial issue under the Takings Clause. See generally *Roth* v. *Pritikin*, 710 F.2d 934, 939 (2d Cir. 1983). For all of these reasons, it would be contrary to the dictates of both the Copyright Act and public policy to "cabin the discretion of government agencies" to use privately authored works (with the authors' consent) instead of independently producing their own works at substantial effort and public expense. *Schnapper* v. *Foley*, 667 F.2d 102, 109 (D.C. Cir. 1981). These considerations underscore that the lower courts' resolution of the first question presented is fully consistent with the policies of the Copyright Act, and thus does not merit review by this Court.

II. WHETHER *CPT* IS AN UNCOPYRIGHTABLE "SYSTEM" UNDER SECTION 102(b) OF THE COPYRIGHT ACT PRESENTS A FACT-BOUND QUESTION, CORRECTLY DECIDED BELOW, THAT IMPLICATES NO DECISIONAL CONFLICT AMONG THE CIRCUITS.

With regard to section 102(b), the court of appeals concluded that *CPT* is not an uncopyrightable "system" but rather merely one expression of the idea of a work of medical nomenclature. Pet. App. A11 n.8. Several other works of medical nomenclature exist, see *id.*, and an infinite number are possible. The court's fact bound conclusions in this regard are correct, and there is no conflict among the circuits on the proper scope and application of section 102(b)'s exclusion from copyright for "systems." Therefore, there is no reason for this Court to reexamine the court of appeals' decision on this issue.

A. This Court has concluded that section 102(b)'s exclusion of "systems," *inter alia*, from copyright "re-state[s]" the "basic dichotomy between expression and idea." *Feist Publications, Inc.* v. *Rural Tel. Serv., Co.*, 499 U.S. 340, 356 (1991) (internal quotation omitted) (citing H.R. Rep. No. 94-1476, at 57 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5670); see generally *Toro Co.* v. *R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986). Thus, it would "be a misreading of Section 102(b) to interpret it to deny copyright protection to 'the expression' of a work, even if that work happens to consist of an 'idea, procedure, process, [system,] etc.'" 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 2.03[D], at 2-35 (1997 ed.) (footnote omitted); see also *Baker* v. *Selden*, 101 U.S. 99, 104 (1879) (literary expression of a system copyrightable although system itself is not). Under *Mazer* v. *Stein*, 347 U.S. 201, 218 (1954), an expression of a system remains copyrightable even if others use the work as a system (*e.g.*, a system for reporting medical procedures). See, *e.g.*, *American Dental Ass'n* v. *Delta Dental Plans Ass'n*, 126 F.3d 977, 980-81 (7th Cir. 1997) (holding that a work of dental nomenclature used for reporting dental procedures for payment purposes is not an uncopyrightable "system" under section 102(b)).

As the court of appeals correctly noted, enforcement of the AMA's copyright would not monopolize the "idea" of preparing descriptions of medical procedures and assigning numeric codes to these descriptions. In fact, the undisputed existence of competing works in the area of medical nomenclature shows that "the AMA's copyright does not stifle independent creative expression in the medical coding industry" (Pet. App. A11 n.8). To the contrary, all the AMA seeks to prohibit is "wholesale copying" of *CPT* (*id.*). Therefore, *CPT* is not an uncopyrightable system under section 102(b).[6]

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[6] Petitioner also makes a "merger" argument in passing, arguing under section 102(b) that in *CPT* "idea and . . . expression in a

B. Petitioner claims that several Circuits, including the court below, have ruled that functional works that would otherwise be uncopyrightable "systems" under section 102(b) are entitled to the protections of copyright as long as it is possible to create competing works,[7] whereas other Circuits deem the availability of alternative forms of expression immaterial on this score.[8] Petitioner does not explain how such a conflict could exist in light of this Court's explicit recognition in *Feist*, 499 U.S. at 356, that section 102(b) "restate[s]" the "basic dichotomy between expression and idea"—an approach that mandates an inquiry into whether copyright protection in a particular case would foreclose alternative expressions of an idea. See also *Baker* v. *Selden*, 101 U.S. at 104. In fact, review of the cases cited by petitioner demonstrates that no such conflict exists.

1. Tellingly, petitioner's discussion of the case law is bereft of any quotations from the cases that petitioner

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law are merged" (Pet. 23-24). The "merger" claim, however, merely calls for an application of settled law to facts, and even petitioner has not claimed any conflict on the merger issue. In any event, the merger argument fails for the same reason the idea/expression argument is unavailing: *CPT* admittedly does not represent the only way of expressing the idea of a compendium of medical nomenclature and codes. *See, e.g., Atari Games Corp.* v. *Nintendo of Am. Inc.*, 975 F.2d 832, 840 (Fed. Cir. 1992) (merger doctrine inapplicable "so long as alternate expressions are available"); *Educational Testing Servs.* v. *Katzman*, 793 F.2d 533, 540 (3d Cir. 1986) (same). In arguing otherwise, petitioner simply assumes, without analysis, that *CPT* is a "law"—the very fact-bound question correctly decided against petitioner by the courts below.

[7] *See* Pet. 26-28 (citing *American Dental Ass'n* v. *Delta Dental Plans Ass'n*, 126 F.3d 977 (7th Cir. 1997); *Toro Co.* v. *R & R Prods. Co.*, 787 F.2d 1208 (8th Cir. 1986); Pet. App. A11 n.8).

[8] *See* Pet. 26-28 (citing *Warren Publ'g, Inc.* v. *Microdos Data Corp.*, 115 F.3d 1509 (11th Cir.) (*en banc*), *cert. denied*, 118 S. Ct. 397 (1997); *Publications Int'l, Ltd.* v. *Meredith Corp.*, 88 F.3d 473 (7th Cir. 1996); *Lotus Dev. Corp.* v. *Borland Int'l, Inc.*, 49 F.3d 807 (1st Cir. 1995), *aff'd by equally divided Court*, 516 U.S. 233 (1996); *Brief English Sys., Inc.* v. *Owen*, 48 F.2d 555 (2d Cir. 1931)).

believes are in conflict. This omission reflects, and analysis of the cases confirms, that petitioner has wrenched from the cases overbroad legal principles that were not articulated by the courts that decided them. Unlike petitioner, these courts recognize that whether a particular work may be copyrighted turns chiefly on the particular characteristics of the work in question rather than on broad legal rules. See, *e.g.*, *Meredith*, 88 F.3d at 480 ("The prerequisites for copyright protection necessitate case-specific inquiries, and the doctrine is not suited to broadly generalized prescriptive rules."). Consistent with this reality of copyright law, all of the decisions that petitioner finds conflicting turn not on broad legal rules, but rather on a careful, fact-intensive assessment of the work in question.

Of the many types of works addressed in the decisions petitioner cites—ranging, for example, from a yogurt recipe book (*Meredith*) to a lawn-mower parts-numbering code (*Toro*), to a directory of cable-system operators (*Warren Publishing*)—only one case addressed a work that is even remotely analogous to *CPT*. Specifically, in *American Dental Association*, 126 F.3d 977, the Seventh Circuit squarely held, *inter alia*, that a work of dental nomenclature is not a "system" uncopyrightable under section 102(b), even if one of its uses was as a shorthand for reporting claims for reimbursement. In that case, the court (per Easterbrook, J.) unanimously reached the same result as the court of appeals below. It rejected the notion that a creative work of professional taxonomy is an uncopyrightable "system." See, *e.g.*, *id.* at 980-81 ("The [dental] Code is a taxonomy, which may be put to many uses. These uses may be or include systems; the Code is not."). Thus, the only Circuit decision to address a work similar to *CPT* reached the same result as the court below. This fact alone strongly undermines petitioner's claim that the Circuits are "sharply divided" on the second question presented (Pet. 26).

2. The remaining cases, allegedly in conflict with each other (but involving very different kinds of works), simply do not support the propositions for which petitioner cites them. For example, petitioner asserts that *Meredith* "hold[s] that systems are *per se* uncopyrightable under Section 102(b), regardless of the availability of alternative systems" (Pet. 26). What petitioner fails to say is that the Seventh Circuit explicitly "limit[ed] [its] holding today to the facts of this case" (88 F.3d at 482), *i.e.*, "barebones recipes" that contain nothing beyond "the directions for producing a certain dish" (*id.* at 481). The limited holding in *Meredith* is irreconcilable with the broad holding attributed to it in the Petition.

Other cases that petitioner cites as in conflict on the "system" issue under section 102(b) do not even address that issue. See *Lotus Dev. Corp.* v. *Borland Int'l, Inc.*, 49 F.3d 807, 815 (1st Cir. 1995) ("Because we conclude that the Lotus menu command hierarchy is a method of operation [under § 102(b)], we *do not* consider whether it could also be a system, process, or procedure [under the statute].") (emphasis added); see also *CMM Cable Rep, Inc.* v. *Ocean Coast Properties, Inc.*, 97 F.3d 1504, 1518-19 (1st Cir. 1996) (ruling that radio promotional contest lacked "the modicum of originality necessary for copyright protection," but then stating that even if the contest were original, it would be a "method of operation" uncopyrightable under section 102(b)); *Brief English Sys., Inc.* v. *Owen*, 48 F.2d 555, 556 (2d Cir. 1931) (pre-section 102(b) case holding that no infringement had occurred due to the "dissimilar[ity]" of the copyrighted and allegedly infringing works). Although in both *Lotus* and *CMM Cable* the First Circuit concluded that the works there at issue were uncopyrightable under section 102(b) as a "method of operation," petitioner has limited itself in this Court to the claim that *CPT* is a "system" under section 102(b) (see Pet. i).[9] The "method of operation" issue

[9] Any suggestion that the terms "system" and "method of operation" are synonymous would not only be wrong as a definitional

addressed by *Lotus* is not even remotely (much less "fairly") included within the second question presented, and thus is not properly before the Court.[10] See Sup. Ct. R. 14.1(a).

Petitioner's remaining claim that the en banc decision of the Eleventh Circuit in *Warren Publishing, Inc.* v. *Microdos Data Corp.*, 115 F.3d 1509 (11th Cir. 1997), conflicts with the ruling below rests on a misinterpretation of *Warren Publishing*. Petitioner asserts that the Eleventh Circuit ruled that the selection criteria employed by the publisher of a directory of cable system operators was an uncopyrightable "system" even though "other compiling systems were clearly available" (Pet. 27). *Warren Publishing*, however, expressly reached the opposite conclusion as to the availability of competing "systems." Contrary to petitioner's assertion that "other compiling systems were clearly available" (Pet. 27), the court concluded that there were "very few ways, if not only one way, of expressing the data" contained in the directory."[11] *Id.* at 1519 n.27. For this reason as well, the "system" split that petitioner claims to exist is in fact nonexistent. Thus the second question presented, like the first, does not merit review by this Court.

* * *

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matter—it would violate the well-established canon of construction that terms in a statute should not be construed to be superfluous. *See, e.g., Ratzlaf* v. *United States*, 510 U.S. 135, 140-41 (1994).

[10] The fact that the First Circuit in *Lotus* did not rule on the "system" issue at all refutes petitioner's speculation (Pet. 28) that this Court "presumably" granted certiorari in *Lotus* to address the system issue.

[11] The work at issue listed cable system operators not by each geographic area they served, but rather by the principal community served within a given area, with other localities cross-referenced in the index to the principal community. 115 F.3d at 1512. The court explained that if the publisher "were given protection in its principal community system [of selection], the concept of cross-referencing would be subsumed in its copyright." 115 F.3d at 1518-19 n.27.

The issues raised in this Petition implicate straightforward application of established legal principles. There is no conflict among the Circuits as to how these principles should be applied. Further, these issues involve fact-specific determination that do not merit this Court's review.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

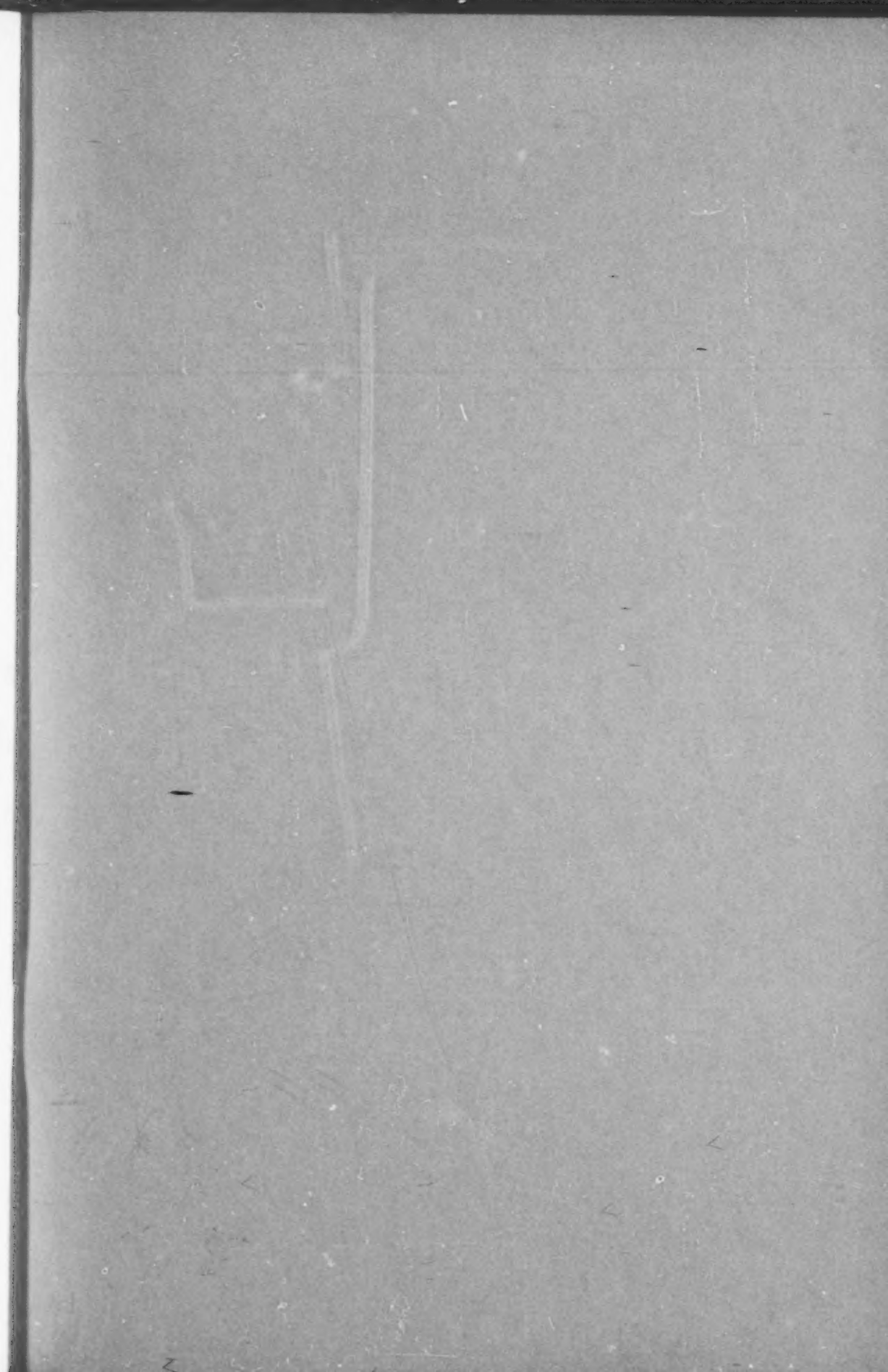
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No. 97-1254

IN THE
Supreme Court of the United States
OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORPORATION,
Petitioner,

vs.

AMERICAN MEDICAL ASSOCIATION,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITIONER'S REPLY BRIEF

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LIST OF PARTIES TO THE PROCEEDINGS PURSUANT TO RULE 29.6

The List of Parties to the Proceedings is contained in the Petition for Writ of Certiorari filed with this Court on February 2, 1998.

TABLE OF CONTENTS

Page #

I. THE COURT SHOULD GRANT CERTIORARI TO DECIDE IF PRIVATE AUTHORS MAY ENFORCE COPYRIGHTS IN MATERIALS ADOPTED INTO LAW 1

A. The AMA Has Abandoned The Ninth Circuit's Holding That Privately Drafted Laws And Regulations May Be Protected By Copyright 1

B. The AMA's Assertion That The CPT Has Never Been Adopted Into Law Is Refuted By The Many Laws And Regulations That The AMA Fails To Cite 3

C. The AMA's Attempt To Resolve The Conflict Among The Circuits Is Meritless 4

TABLE OF CONTENTS
(Cont'd.)

Page #

D. Even If The AMA's Arguments Were Accepted, This Case Would Still Present An Issue Of Great National Importance, Meriting This Court's Review 6

E. The AMA's Takings Clause Argument Provides A Reason For Granting Certiorari, Not Denying It 7

II. THE CIRCUITS ARE ALSO SHARPLY DIVIDED OVER THE SECOND QUESTION PRESENTED: THE COPYRIGHTABILITY OF FUNCTIONAL SYSTEMS 8

CONCLUSION 10

APPENDIX J

The Department of Health and Human Services Health Care Financing Administration and American Medical Association Agreement, dated February 1, 1983 ..... J1

TABLE OF AUTHORITIES

Page #

Banks v. Manchester,
128 U.S. 244 (1888) 2

Brief English Sys., Inc. v. Owen,
48 F.2d 555 (2d Cir. 1931) 9

Building Officials & Code Admin. v. Code Tech., Inc.,
628 F.2d 730 (1st Cir. 1980) 1,2,4,5,6

CCC Info. Servs., Inc. v. Maclean Hunter Market Reports, Inc.,
44 F.3d 61 (2d Cir. 1994) 2,5,7

CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc.,
97 F.3d 1504 (1st Cir. 1996) 9

Toro Co. v. R & R Prods. Co.,
787 F.2d 1208 (8th Cir. 1986) 9

Warren Publ'g, Inc. v. Microdos Data Corp.,
115 F.3d 1509 (11th Cir. 1997) 9

TABLE OF AUTHORITIES
(Cont'd.)

Page #

OTHER AUTHORITIES

17 U.S.C. § 102 10

28 U.S.C. § 1491 8

28 U.S.C. § 1498 8

20 C.F.R. § 10.411 (1997) 4

42 C.F.R. § 433.112 (1997) 4

Omnibus Budget and Reconciliation Act of 1986, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040 (1986) 4

CAL CODE REGS. tit. 1, § 20 (1994) 3

CAL CODE REGS. tit. 22, § 51050 (1994) 3

State Medicaid Manual, Ch. 11, § 11300 4

I

THE COURT SHOULD GRANT CERTIORARI TO DECIDE IF PRIVATE AUTHORS MAY ENFORCE COPYRIGHTS IN MATERIALS ADOPTED INTO LAW

A. The AMA Has Abandoned The Ninth Circuit's Holding That Privately Drafted Laws And Regulations May Be Protected By Copyright

The Ninth Circuit's holding that privately drafted laws and regulations may be protected by copyright is so clearly indefensible that even the AMA does not defend it. Indeed, the AMA now accepts the First Circuit's contrary decision in *Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980) (*BOCA*), as correctly decided. *See* AMA Br. at 9. In so doing, the AMA all but concedes that privately drafted laws should not be protected by copyright.

Instead of defending the Ninth Circuit's decision, the AMA distorts it. Four times in its Opposition, the AMA asserts that the Ninth Circuit merely "rejected petitioner's argument that CPT is a 'law.'" AMA Br. at 8; *see also id.* at 2, 7, 14 n.6. The AMA, however, never cites the Ninth Circuit's decision to support this assertion because there is nothing in the decision for it to cite.

To the contrary, the Ninth Circuit's entire analysis is premised upon its conclusion that the CPT is "material adopted by the government as law." A8-A9. The Ninth Circuit devoted nearly its entire opinion to this issue because of the absence of Supreme Court authority on point. *See* A5-A11. As the Ninth Circuit stated:

> The Supreme Court has not considered a case in which the author asserted a

> proprietary interest in ***material adopted by the government as law***.

A8-A9 (emphasis added).

Moreover, because it recognized that the CPT has been adopted into law, the Ninth Circuit discussed only those cases which address the copyrightability of statutes, regulations, and judicial opinions. *See* A5-A11 (discussing *Banks v. Manchester*, 128 U.S. 244 (1888), *BOCA*, 628 F.2d 730, and *CCC Info. Servs., Inc. v. Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994)). The Ninth Circuit did not cite any decisions relevant to the AMA's made-up holding that the CPT is not a part of state or federal law.

In addition, the Ninth Circuit concluded that recognizing copyright protection for privately drafted laws was consistent with its own view of sound public policy. According to the Ninth Circuit, "organizations that develop . . . ***model codes*** and standards warn they will be unable to continue to do so if the ***codes*** and standards enter the public domain when ***adopted by a public agency***." A7 (emphasis added). The Ninth Circuit felt this concern was "a matter of particular significance . . . because of the 'increasing trend toward ***state and federal adoptions of model codes***'." A6 (emphasis added, citation omitted). This entire public policy discussion would have been utterly irrelevant if the Ninth Circuit had concluded that the CPT had never been adopted into law. Plainly, the Ninth Circuit understood that the CPT has been adopted into law, but nevertheless upheld the AMA's copyright in the CPT.

B. The AMA's Assertion That The CPT Has Never Been Adopted Into Law Is Refuted By The Many Laws And Regulations That The AMA Fails To Cite

In addition to mischaracterizing the Ninth Circuit's opinion, the AMA also mischaracterizes the role of the CPT in state and federal law. The AMA repeatedly asserts that the CPT has never been adopted into law. *See, e.g.* AMA Br. at 7-8. Yet, the AMA does not discuss or even cite the many state and federal laws and regulations which adopt the CPT as law, all of which were discussed at length in PMIC's Petition. *See* Pet. at 7-10 & Appendix G.

The unambiguous text of the these laws and regulations clearly establishes that the CPT has been adopted into law. For example, as PMIC explained in its Petition, the State of California has expressly and unequivocally adopted the CPT as a regulation. *See* Pet. at 9. California law declares that:

> The Physicians' Current Procedural Terminology, 1987, and subsequent editions, is herein incorporated by reference into these regulations.

CAL CODE REGS. tit. 22, § 51050 (1994); *see also* A4 n.3. California law further declares that any document incorporated by reference into a regulation "shall be deemed to be a regulation." CAL CODE REGS. tit. 1, § 20(e) (1994). The State of California could not have spoken more clearly. The CPT is a part of California law. The AMA's contrary assertion ignores reality.

The CPT has been similarly incorporated into federal law. The CPT, and no other source, contains the listing of code numbers which must be included on Medicare, Medicaid, or Federal Employees' Compensation Act reimbursement forms. *See Omnibus Budget and Reconciliation Act of 1986*, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040 (1986) (adopting the HCFA Common Procedure Coding System, which includes the CPT); 42 C.F.R. § 433.112(b)(2) (1997) (incorporating *State Medicaid Manual*, Part 11, Section 11300, which adopts the CPT); 20 C.F.R. § 10.411(c) (1997) (directly adopting the CPT); Pet. at 7-9. The AMA simply ignores all of the governing statutes and regulations, and argues instead that whether the CPT has been adopted into law is a "fact-bound question." AMA Br. at 14 n.6. That assertion merits no response.

C. The AMA's Attempt To Resolve The Conflict Among The Circuits Is Meritless

The AMA asserts that the decisions of the First, Second, and Ninth Circuits are not in conflict. According to the AMA, these decisions, when read together, hold that privately drafted laws are not protectable by copyright, but works which the law requires the public to use to comply with the law are protectable by copyright. AMA Br. at 8-9. This argument is meritless for several reasons.

As an initial matter, the First, Second, and Ninth Circuits have never drawn any such distinction. Thus, the decisions, as written, stand in conflict. The First Circuit has held that privately drafted laws cannot be protected by copyright, *BOCA*, 628 F.2d at 733-35, while the Second

and Ninth Circuits have held to the contrary. *CCC*, 44 F.3d at 73-74; A5-A11.

In addition, the circuit court decisions are irreconcilable even on the terms proposed by the AMA. The Second Circuit's decision in *CCC* was not a case of "mere government mandated use," as the AMA contends. AMA Br. at 9. Rather, the used car price guide in *CCC* affirmatively set the legally mandated reimbursement rates for insurance companies in the States of New York and New Jersey. *CCC*, 44 F.3d at 73 & n.29. Even the AMA recognizes that something which "prescribe[s]" the extent to which the public "may receive reimbursement" is a law. AMA Br. at 8. Nevertheless, the Second Circuit upheld the copyright in the price guide.

Similarly, the present case does not involve "mere government mandated use." As discussed above and in PMIC's Petition, the CPT is an inextricable part of state and federal law, and has even been expressly incorporated into law.

The AMA also attempts to dismiss the First Circuit's decision in *BOCA* because "*BOCA* was not a decision on the merits, but rather a ruling on preliminary injunctive relief." AMA Br. at 9. That, however, in no way undermines the First Circuit's holding, or the existence of a circuit conflict. The district courts in the First Circuit will follow *BOCA*, while the district courts in the Second and Ninth Circuits will follow the decisions in *CCC* and in the present case.

D. Even If The AMA's Arguments Were Accepted, This Case Would Still Present An Issue Of Great National Importance, Meriting This Court's Review

Even if the conflicting circuit court decisions could be harmonized in the manner now urged by the AMA, this case would still present an issue of great national importance. As the First and Ninth Circuits have recognized, a growing number of laws and regulations governing the American public are drafted by private organizations. A6; *BOCA*, 628 F.2d at 736. Indeed, as the AMA concedes, it is now federal policy to adopt privately drafted codes and standards as law whenever practical. *See* AMA Br. at 11 (quoting 58 Fed. Reg. 57,643, 57,644-45 (1993)).

Clearly, there is a great national interest in knowing whether private parties may serve as the exclusive source for these many laws and regulations, preventing even the government from publishing its own regulations. There is an obvious national interest in knowing whether the laws will be available at the lowest price a competitive market will allow, or the highest price a monopolistic market will bear.*

---

* The AMA asserts that it has never "restrict[ed] publication and distribution of CPT." AMA Br. at 4 (editorial brackets in AMA Brief). This is absurd. The AMA has obtained an injunction preventing PMIC from publishing the CPT, *see* Appendix F, and the AMA will not permit any of its competitors, or even the government itself, to publish the CPT.

Similarly, there is a great national interest in knowing whether the AMA is correct that a tenable distinction exists between "mere government mandated use" and adoption of a private code or standard as law. The AMA is likely correct that the WordPerfect computer program is not in the public domain merely because the government requires documents to be prepared in Word-Perfect format. AMA Br. at 11 n.5. However, other works – such as the CPT, the price guide at issue in *CCC*, and the citation rules of the *Bluebook* – are ingrained far more deeply into the law. Again, there is a great national interest in knowing the extent to which the government may incorporate private works into law, while still permitting the author to maintain a copyright monopoly.

E. The AMA's Takings Clause Argument Provides A Reason For Granting Certiorari, Not Denying It

The AMA asserts that invalidation of its purported copyright "would raise a substantial issue under the Takings Clause." AMA Br. at 12. Even if this were true, it would hardly provide a basis for denying PMIC's Petition. A possible conflict between the public's constitutional right to publish and distribute the laws and the AMA's constitutional right to just compensation is a reason for granting certiorari, not denying it.

Moreover, the record in this case is abundantly clear that the AMA consented to the adoption of the CPT into law. The AMA granted a copyright license to the federal government for the specific purpose of achieving the adoption of the CPT into federal law. *See* J3-J4 at ¶¶ 1-3a (attached hereto). Thus, no taking could have

occurred. In any event, even if a taking did occur, the AMA would have an adequate remedy before the Court of Federal Claims. *See* 28 U.S.C. §§ 1491, 1498.

II

THE CIRCUITS ARE ALSO SHARPLY DIVIDED OVER THE SECOND QUESTION PRESENTED: THE COPYRIGHTABILITY OF FUNCTIONAL SYSTEMS

As PMIC explained in its Petition, several circuit courts have held that functional systems cannot be protected by copyright, while a minority of circuit courts have held that systems may be protected as long as other systems are available. *See* Pet. at 25-30. In response to this conflict, the AMA simply assumes that the minority view is correct. According to the AMA, its medical coding system is entitled to copyright protection because "[s]everal other works of medical nomenclature exist, and an infinite number are possible." AMA Br. at 12 (citation omitted). Obviously, the AMA cannot resolve the circuit conflict merely by assuming that the minority view is the correct one.

The AMA also asserts that the circuit court decisions are not in conflict because each was decided on its own unique facts. AMA Br. at 15. This argument is meritless. This Court rarely, if ever, reviews two decisions which conflict on identical facts. Rather, this Court reviews cases when the decisions of the circuit courts are in conflict on an important issue of law.

The AMA also argues that PMIC has "wrenched from the cases overbroad legal principles" to generate a false conflict. AMA Br. at 15. This assertion simply does not withstand analysis. In the present case, the Ninth

Circuit did indeed hold that the AMA's "existing system" may be protected by copyright because others may "develop[] comparative or better coding systems." A11 n.8. Similarly, the Eighth Circuit held in *Toro Co. v. R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986), that the plaintiff could copyright a "parts numbering system" but "could not copyright the idea of using numbers to designate replacement parts." Thus, in the Eighth Circuit's view, a system may be protected by copyright as long as the copyright owner does not monopolize an entire class of systems.

In contrast, the Eleventh Circuit held in *Warren Publ'g, Inc. v. Microdos Data Corp.*, 115 F.3d 1509, 1517 (11th Cir. 1997) (*en banc*), that a "system of selecting communities" to include in a cable television guide was not protectable by copyright. The Eleventh Circuit reached this conclusion even though the plaintiff's system was "unique" and other systems obviously existed. *Id.* Similarly, the First Circuit denied copyright protection to a specific "method of conducting a radio promotional contest," even though many other methods were available. *CCM Cable Rep, Inc. v. Ocean Coast Properties, Inc.*, 97 F.3d 1504, 1518-19 (1st Cir. 1996). Likewise, the Second Circuit denied copyright protection to a specific "system of shorthand," permitting protection only in "the explanation of how to do it." *Brief English Sys., Inc. v. Owen*, 48 F.2d 555, 556 (2d Cir. 1931). The circuits, therefore, are plainly in conflict.

Lastly, the AMA asserts that the CPT is not a system at all, but "merely one expression of the idea of a work of medical nomenclature." AMA Br. at 12. But, the AMA is in no position to assert that the CPT is not a

system. In the CPT itself, the AMA refers to the CPT as a "system of terminology" and a "coding and recording system." *See Physicians' Current Procedural Terminology* iii, x (1994). Similarly, in its agreement with the federal government, the AMA referred to the CPT as a "system of nomenclature and codes." J2 (attached hereto). In addition, the Ninth Circuit expressly recognized that the CPT is a "system." A11 n.8. The CPT is clearly a system; the only issue is whether this Court should endorse a judicially created exception to Congress' clear prohibition against copyright protection for systems, as set forth in 17 U.S.C. § 102(b).

CONCLUSION

Because of the great national importance of the questions presented, and because of the circuit conflicts underlying the questions presented, this Court should grant PMIC's Petition for a Writ of Certiorari.

Respectfully submitted,

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PRACTICE MANAGEMENT INFORMATION CORPORATION

Date: March 11, 1998

APPENDIX J

AGREEMENT

The Department of Health and Human Services
Health Care Financing Administration
and
American Medical Association

[SEAL]

AGREEMENT

The Department of Health and Human Services
Health Care Financing Administration
and
American Medical Association

This Agreement is entered into February 1, 1983, between the Department of Health and Human Services, Health Care Financing Administration (hereinafter for convenience referred to as "HCFA") and the American Medical Association (hereinafter for convenience referred to as "AMA").

WHEREAS, the AMA has developed, published and updated a system of nomenclature and codes for describing medical procedures performed by physicians, which is commonly known as physicians' Current Procedural Terminology, now in its fourth edition (CPT-4); and

WHEREAS, HCFA has responsibility for administering various health care reimbursement, oversight and other programs in which procedures performed by physicians are routinely reported to HCFA, its agents and other entities participating in programs administered by HCFA; and

WHEREAS, HCFA has developed a new system of nomenclature called HCFA Common Procedure Coding System (HCPCS) for these purposes; and

WHEREAS, HCFA has concluded that CPT-4 is suitable for uses in HCPCS; and

WHEREAS, AMA is willing to permit HCFA, its agents and other entities participating in programs administered by HCFA, and the health care field in general to use CPT-4 codes and terminology as part of HCPCS;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the parties agree as follows:

1. HCFA shall adopt and use CPT-4 in connection with HCPCS, for the purpose of reporting physicians' services under Medicare and Medicaid. HCFA agrees not to use any other system of procedure nomenclature in HCPCS for reporting physicians' services. HCFA retains sole responsibility for determining which codes represent covered services and the amounts to be paid for those services.

2. HCFA shall: (a) publicly endorse the use of CPT-4 based HCPCS for the purpose set forth in paragraph 1; (b) where permitted by HCFA's statutory authority and budgetary constraints, require the use of CPT-4 based HCPCS in programs administered by HCFA by its agents and other entities participating in those programs; and (c) encourage the voluntary use of CPT-4 based HCPCS by others.

3. a. HCFA shall have a non-exclusive, royalty-free, and irrevocable license to use, copy, publish and distribute the most current publicly available CPT-4 to the extent that such is used as part of HCPCS in its programs as specified in this Agreement. HCFA's agents and other entities will be authorized to use copies of

HCPCS provided by HCFA incorporating CPT-4 codes and nomenclature in formats approved in writing by the AMA only for the purposes directly related to participating in HCFA programs (provided, however, that such agents and other entities at all times will clearly separate CPT-4 from non-CPT-4 material and said copies contain the AMA's copyright notices in such content and location(s) as specified by the AMA in its sole discretion) except where AMA agrees to allow HCFA agents and other entities participating in programs administered by HCFA to use CPT-4 in converting their private business coding systems simultaneously with their similar conversion for purposes of Medicare and/or Medicaid.

b. AMA may allow said HCFA agents and other entities to use CPT-4 in converting their private business coding systems simultaneously with their similar conversion for purposes of Medicare and/or Medicaid subject to the AMA's policies and appropriate requirements concerning preservation of the AMA's copyright in CPT-4. HCFA agrees to include a statement in HCPCS that participants will be authorized to use the copies of CPT-4 material in HCPCS only for purposes directly related to participating in HCFA programs and permission for any other use must be obtained from the AMA.

c. HCPCS shall be prepared in format(s) approved in writing by the AMA which include appropriate notice(s) to indicate that CPT-4 is copyrighted material of AMA. All CPT-4 material in the HCPCS must be clearly separated from the non-CPT-4 material and the propriety, adequacy, content and placement of AMA's copyright notice(s) in the HCPCS is subject to the

mutual agreement of HCFA and AMA. Further, all copies, displays and printed versions of HCPCS shall contain the following disclaimer on a page not later than the third page of HCPCS or at such other location(s) as specified by the AMA:

> Physician's Current Procedural Terminology. Fourth Edition, Copyright 1977, 1980, 1981 and 1982 by the American Medical Association ("CPT-4") is a listing of descriptive terms and numeric identifying codes and modifiers for reporting medical services and procedures performed by physicians. This Health Care Financing Administration Common Procedure Coding System ("HCPCS") includes CPT-4 descriptive terms and numeric identifying codes and modifiers for reporting medical services and procedures and other materials contained in CPT-4 which are copyrighted by the American Medical Association.

For purposes of paragraphs 3(a) and 3(c) hereof, AMA shall be deemed to approve HCPCS format(s) provided said format(s) are provided to the AMA in accordance with paragraph 13 hereof and the AMA does not notify HCFA of any objections to said format(s) within thirty (30) days of the AMA's receipt of any format(s).

4. Both AMA and HCFA will encourage health insurance organizations to adopt CPT-4 for the reporting of physicians' services in order to achieve the widest possible acceptance of the system and uniformity of

physicians' services reporting consistent therewith. Therefore, AMA will expeditiously review requests for CPT-4 usage where any HCFA agents or other entities participating in programs administered by HCFA request to convert their private claims processing to HCPCS with CPT-4 as its base and will grant a non-exclusive, royalty-free license to use, copy, publish, and distribute CPT-4 to such HCFA agents or other entities in order to encourage the above stated aims, unless a good cause is extant, and will provide such HCFA agents or other entities its CPT-4 books or tapes at those prices customarily charged to other persons.

5. AMA recognizes that HCFA and other users of CPT-4 may not provide reimbursement under their programs for certain medical procedures identified in CPT-4. Accordingly, HCFA and other health insurance organizations may independently establish policies and procedures governing the manner in which the codes are to be used within their operations. These policies and procedures include, but are not limited to, those related to coverage and reimbursement. To carry out these policies and procedures, HCFA and health insurance organizations may issue instructions governing the use of CPT-4 codes in the claims process, and may specify CPT-4 codes that are not to be used. The parties acknowledge that where certain statutory or regulatory requirements of Medicare or Medicaid cannot be accommodated, HCFA may subject to provisions of paragraph 8 of this Agreement, develop and use an appropriate HCPCS code to meet such requirements after providing notice to AMA. All other additions of new nomenclature or codes, deletions of existing nomenclature or codes, or other modifications to CPT-4 shall be made pursuant to paragraph 8.

6. HCFA shall be solely responsible, at its expense, for any material it prints, distributes, or prepares pursuant to this Agreement as well as all other related activities HCFA may perform under this Agreement. In connection with the preparation thereof, AMA will provide to HCFA, at no expense to HCFA, such consultation services and other background materials in the area of medical procedure terminology as HCFA may reasonably request.

7. AMA may continue to print, publish, sell, and otherwise disseminate CPT-4.

8. Maintenance of CPT-4 Editorial Panel

a. AMA and HCFA acknowledge their joint interest in maintaining CPT-4 as a complete compilation of procedure nomenclature and codes which will be capable of fully describing all medical procedures performed by physicians in the United States. The parties also acknowledge their joint interest in improving the efficiency and effectiveness of procedure nomenclature and coding systems. To these ends, and during the term of this Agreement, AMA shall continue to convene the Editorial Panel which is responsible for maintaining CPT-4.

b. The Editorial Panel has the sole responsibility and authority to revise, update or modify CPT-4. All such modifications shall be published and effective not sooner than thirty (30) days nor later than one hundred eighty (180) days after adoption by the Editorial Panel, except that HCFA may delay for a reasonable period of time the implementation of any

modification to CPT-4 if necessary due to budgetary constraints or other reasonable administrative considerations constituting good cause for the delay.

c. The Editorial Panel shall consist of ten (10) members, with seven (7) members nominated by AMA and one by HCFA. The Health Insurance Association of America and the Blue Cross and Blue Shield Associations each shall also be invited to nominate one member. Should either the Health Insurance Association of America or the Blue Cross and Blue Shield Associations decline to nominate a member, HCFA shall be permitted to nominate (a) replacement member(s). Any person nominated to the Editorial Panel shall be a physician knowledgeable in the areas of medical procedure nomenclature and coding and committed to maintaining CPT-4 in accordance with the highest professional standards and shall be subject to the approval of the AMA Board of Trustees, although said physician need not be an AMA member. All panel members must receive notification of proposed meetings to consider revisions, updates or modifications to CPT-4 with such notice postmarked at least thirty (30) calendar days before the date of the meeting. Any action or recommendation of the Editorial Panel shall be effective upon the majority vote of members present in which a quorum of the members is present. Six (6) members of the Editorial Panel shall constitute a quorum. Expenses and compensation of each panel member shall be paid by the organization nominating that panel member. Necessary staffing shall be provided by AMA at AMA's sole expense. Other expenses not otherwise provided for above shall be borne by the parties proportionately with their representation on the Editorial Panel.

9. During the term hereof, this Agreement shall be applicable to the current edition of CPT-4, as well as any subsequent editions, updates, revisions, and other modifications.

10. This Agreement shall be effective from the date of execution through September 30, 1983. Thereafter, it shall be automatically renewed on a year to year basis except that it may be terminated by either party at any time by giving ninety (90) days written notice thereof to the other party. If AMA terminates this Agreement, HCFA shall have a right to continue using CPT-4 incorporated in HCPCS at the time of AMA's termination. If AMA abandons its rights and/or interest in CPT-4, HCFA shall have the right to continue using CPT-4 without restriction and to make such modifications to CPT-4 as HCFA deems to be necessary.

11. This Agreement may be modified at any time by written agreement of the parties thereto.

12. Neither party may assign its rights or obligations under this Agreement without prior written consent of the other. This Agreement shall be binding upon the successors and assigns of the parties.

13. All notices, requests for approval, and other communications in connection with paragraphs 3(a), 3(c), 10 and 11 of this Agreement shall be delivered in person or by certified mail to the persons at the addresses set forth below, or to such other person(s) or address(es) which may be subsequently designated in writing by the respective parties and shall be considered received under

the terms of this Agreement when actually received by the party.

TO AMA:

Deputy Executive Vice President
Public Scientific and Health
Service Policy
American Medical Association
535 North Dearborn Street
Chicago, Illinois 60610

TO HCFA:

Deputy Administrator
Department of Health
and Human Services
Health Care Financing
Administration
6325 Security Boulevard
Baltimore, Maryland
21207

With a copy to the AMA Office of the General Counsel at the same address.

IN WITNESS WHEREOF, the parties hereby execute this Agreement this 1st day of February, 1983.

AMERICAN MEDICAL ASSOCIATION
By: /s/_____
James H. Sammons, M.D.
Executive Vice President

DEPARTMENT OF HEALTH AND HUMAN SERVICES
By: /s/_____
Richard S. Schweiker
Secretary

Supreme Court, U.S.
FILED
AUG 7 1998
OFFICE OF THE CLERK

No. 97-1254

In the Supreme Court of the United States

OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORP.,
PETITIONER

v.

AMERICAN MEDICAL ASSOCIATION

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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QUESTIONS PRESENTED

1. Whether an author's copyright in a reference work that uses codes to identify physicians' procedures is terminated when the government requires the copyrighted codes to be used in requests for reimbursement under government programs.

2. Whether a book of codes identifying physicians' procedures becomes an uncopyrightable "system" when the government requires its use in federal programs.

TABLE OF CONTENTS

	Page
Statement	1
Discussion	5
Conclusion	20

TABLE OF AUTHORITIES

Cases:

Allied Tube & Conduit Corp. v. *Indian Head, Inc.*, 486 U.S. 492 (1988)	18
American Dental Ass'n v. *Delta Dental Plans Ass'n*, 126 F.3d 977 (7th Cir. 1997)	12, 13
Apple Computer, Inc. v. *Microsoft Corp.*, 35 F.3d 1435 (9th Cir. 1994), cert. denied, 513 U.S. 1184 (1995)	15
Baker v. *Selden*, 101 U.S. 99 (1880)	12
Banks v. *Manchester*, 128 U.S. 244 (1888)	6, 7
Bellsouth Adver. & Publ'g Corp. v. *Donnelly Info. Publ'g, Inc.*, 933 F.2d 952 (11th Cir. 1991), rev'd on other grounds, 999 F.2d 1436 (11th Cir. 1993)	17
Broadcast Music, Inc. v. *Columbia Broadcasting System*, 441 U.S. 1 (1979)	16
Building Officials & Code Admin. v. *Code Tech, Inc.* 628 F.2d 730 (1st Cir. 1980)	9, 10, 11
Burgess v. *Salmon*, 97 U.S. 381 (1888)	11
Carpenter v. *Pennsylvania*, 58 U.S. (17 How.) 456 (1854)	11
CCC Info. Servs., Inc. v. *Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), cert. denied, 516 U.S. 817 (1995)	9
Community for Creative Non-Violence v. *Reid*, 480 U.S. 730 (1989)	7
Computer Assoc. Int'l, Inc. v. *Altai, Inc.*, 982 F.2d 693 (2nd Cir. 1992)	14

Cases—Continued: Page

Data General Corp. v. *Grumman Sys. Support Corp.*, 36 F.3d 1147 (1st Cir. 1994) 16
DSC Communications Corp. v. *DGI Techs. Inc.*, 81 F.3d 597 (5th Cir. 1996) 16
Eastern R.R. Presidents Conference v. *Noerr Motor Freight, Inc.*, 365 U.S. 127 (1961) 18
Edward B. Marks Music Corp. v. *Colorado Magnetics, Inc.*, 497 F.2d 285 (1974), cert. denied, 419 U.S. 1120 (1975) 17
FTC v. *Superior Court Trial Lawyers Assn*, 493 U.S. 411 (1990) 18
Feist Publications, Inc. v. *Rural Tel. Serv. Co.*, 499 U.S. 340 (1991) 12
Grayned v. *City of Rockford*, 408 U.S. 104 (1972) ... 11
Greenwood Utils. Comm'n v. *Mississippi Power Co.*, 751 F.2d 1484 (1985) 19
Lasercomb America, Inc. v. *Reynolds*, 911 F.2d 970 (4th Cir. 1990) 16
M. Witmark & Sons v. *Jensen*, 80 F. Supp. 843 (D. Minn.), appeal dismissed, 177 F.2d 515 (8th Cir. 1948) 16
Maryland v. *Baltimore Radio Show*, 338 U.S. 912 (1950) 16-17
Reed-Union Corp. v. *Turtle Wax, Inc.*, 77 F.3d 909 (7th Cir. 1996) 16
Saturday Evening Post Co. v. *Rumbleseat Press, Inc.*, 816 F.2d 1191 (7th Cir. 1987) 17
Toro Co. v. *R & R Prods. Co.*, 787 F.2d 1208 (8th Cir. 1986) 12, 15
United Mine Workers v. *Pennington*, 381 U.S. 657 (1965) 18

Cases—Continued: Page

United Tel. Co. v. *Johnson*, 855 F.2d 604 (8th Cir. 1988) 17
Warren Publ'g Inc. v. *Microdos Data Corp.*, 115 F.3d 1509 (11th Cir.), cert. denied, 118 S. Ct. 397 (1997) 12
Wheaton v. *Peters*, 33 U.S. (8 Pet.) 591 (1834) 6

Statutes and regulations:

17 U.S.C. 102(b) 11, 12, 13, 14
17 U.S.C. 105 7
17 U.S.C. 106(2) 9
42 U.S.C. 1320d-2(c)(1) (Supp. II 1996) 2
42 U.S.C. 1395w-4(c)(5) 2
Cal. Code Regs. Tit. 1, § 20(e) (1994) 3
Cal. Code Regs. Tit. 22, § 51050 (1994) 3

Miscellaneous:

42 Fed. Reg. 13,262 (1977) 2
58 Fed. Reg. (1993):
p. 57,643 2
p. 57,645 2
H.R. Rep. No. 1476, 94th Cong., 2d Sess. (1976) 7, 12
S. Rep. No. 473, 94th Cong., 1st Sess. (1975) 12

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is submitted in response to this Court's order inviting the Solicitor General to express the views of the United States.

STATEMENT

1. This case concerns the copyright to the fourth edition of *Current Procedural Terminology* (CPT), a reference work published by the American Medical Association (AMA), and the enforceability of that copyright. Pet. App. A2. The AMA is a non-profit corporation whose business includes publishing books used by medical professionals. The CPT classifies the types of procedures physicians perform on patients and assigns a unique code to each procedure. *Ibid.* Each of thousands of medical procedures is given a five-digit code. *Ibid.* The CPT lists the codes and the accompanying descriptions of medical procedures consecutively, and it includes an alphabetical index of medical procedures. *Ibid.* The initial edition

of the CPT was published with notice of copyright in 1966. Pet. App. E2. The AMA updates and alters the CPT on a yearly basis. *Id.* at E3. The AMA is the only publisher of the CPT, and is therefore the ultimate source of all non-infringing copies of the CPT. The AMA's current selling price for the CPT is $40 to $50, depending upon the edition selected. ER, vol. II, CR10 at 6.[1]

2. The Health Care Financing Administration of the Department of Health and Human Services (HCFA) administers financial reimbursement programs for Medicare and Medicaid. 42 Fed. Reg. 13,262 (1977). HCFA is required by statute to adopt a uniform coding system, known as the HCFA Common Procedure Reporting System, to be used in the various health care reimbursement, oversight, and other programs in which procedures performed by physicians are routinely reported to HCFA.[2] Pet. App. A3. HCFA concluded that the AMA's code would serve those purposes adequately, and it entered into an agreement in 1983 that gave HCFA a non-exclusive, royalty-free license to use the CPT codes and terminology as a part of its Common Procedure Reporting System. *Ibid.* See also SER 3-2, at 1.[3]

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[1] "ER" refers to the excerpts of record filed by PMIC in the court of appeals (9th Cir. No. 94-56774).

[2] 42 U.S.C. 1395w-4(c)(5). The Office of Management and Budget has also encouraged government agencies to make use of privately authored codes and standards in their regulations when possible, taking "into account the requirements of copyright and other similar restrictions" in its publication of these standards. See OMB Circular No. A-119, 58 Fed. Reg. 57,643, 57,645 (1993). HHS is currently authorized to adopt uniform codes "from among the code sets that have been developed by private and public entities" in various aspects of the federal health care system. 42 U.S.C. 1320d-2(c)(1) (Supp. II 1996).

[3] "SER" refers to the Supplemental Excerpts of Record filed by the AMA in the court of appeals (9th Cir. No. 94-56774).

HCFA agreed "not to use any other system of procedure nomenclature * * * for reporting physicians services," and to require the use of the CPT in programs administered by HCFA, whenever possible. Pet. App. A3. See also SER 3-2, at 1. The agreement also requires that HCFA include a notice of the AMA's copyright whenever it reproduces any portion of the CPT. Pet. App. E5. The agreement may be canceled by either party upon 90 days' notice. *Id.* at E15-E16. See also SER 3-2, at 4.

Use of the HCFA Common Procedure Reporting System has been mandated in a variety of federal programs.[4] A number of States have also adopted the CPT for use. California, for example, expressly incorporates the CPT into law for use in that State.[5]

3. Petitioner PMIC is a publisher of medical books. Pet. App. A4. For several years, it has purchased copies of the CPT from the AMA and resold them to its customers. *Ibid.*; *id.* at E6-E7. In 1994, PMIC and AMA disagreed about the amount PMIC should pay per copy of the CPT, as well as the quality of the version of the CPT provided by the AMA. *Id.* at A4, E6-E7. Thereafter, PMIC stated its intention "to publish its own reference material using the CPT coding system or modified versions of the CPT coding system in [its own] format with its own corrections." *Id.* at E7. PMIC then brought this action for a declaration that the AMA's copyrights on the CPT are invalid because the CPT was incorporated into law.

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[4] The district court opinion collects citations to the various federal statutes and regulations that require the CPT's use in Medicare, Medicaid, and the Federal Employees' Compensation Act. Pet. App. E4-E5.

[5] Cal. Code Regs. Tit. 22, § 51050 (1994) provides that "[the CPT] 1987, and subsequent editions, is herein incorporated by reference into these regulations." Tit. 1, § 20(e), provides that "[w]here a regulation * * * incorporates a document by reference * * * the document so incorporated shall be deemed to be a regulation subject to all provisions of the APA."

Ibid. In addition, PMIC argued that the AMA had violated federal antitrust laws, and thereby committed copyright misuse that rendered its copyright unenforceable, in requiring HCFA by contract to use only the CPT for reporting physicians' services. *Id.* at E19.

4. The district court granted summary judgment to the AMA on the issue of the validity of the CPT's copyright and enjoined the PMIC from publishing its own version of the CPT. Pet. App. E21. It held that the requirement that the CPT be used in federal programs did not mean that "such works have * * * themselves been enacted as law" (*id.* at E12), and that "destruction of the AMA's copyright in the CPT would amount to an unlawful taking of the AMA's property." *Id.* at E17-E18.

The district court also held that the licensing agreement "does not violate public policy and does not constitute copyright misuse." Pet. App. E21. The court noted that "[t]he Agreement is freely terminable upon 90 days written notice; the HCFA on its own initiative sought a single national medical code for use in Medicare and Medicaid reimbursements; and the AMA did not coerce the HCFA to choose one code over others or to accept the AMA's royalty-free license to use the CPT." *Ibid.*

5. The court of appeals affirmed in part and reversed in part. Pet. App. A1-A15, C1-C2. The court affirmed the district court's ruling that the AMA's copyright on the CPT has not terminated because "its contents are incorporated * * * in various statutes and regulations." *Id.* at E11. The court of appeals reasoned that the CPT is a privately authored document, and not a work authored by someone in his capacity as a public employee, and that due process concerns regarding public access to public law do not arise, at least in this context, because there is

neither actual nor threatened deprivation by the AMA of public access to the CPT. *Id.* at A5-A11.

The court of appeals reversed the lower court's holding on the claimed misuse of copyright. The court held that the AMA's "[c]onditioning the license [to use the CPT] on HCFA's promise not to use competitors' products constituted a misuse of the copyright by the AMA," Pet. App. A13, without regard to whether it constituted an antitrust violation, *id.* at A14.[6]

The court of appeals rejected the AMA's argument that the *Noerr-Pennington* doctrine, see pp. 18-19, *infra*, immunized its action. The court held that "because the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake." Pet. App. A14.[7]

6. Both PMIC and the AMA filed petitions for certiorari. In response to an inquiry from this Office, the Clerk of this Court informed us by letter on April 13, 1998, see 97-1567 Pet. for Reh'g Exh. 2a, that the Court's invitation for our views applies to the questions presented in both petitions. On June 26, 1998, the Court denied the AMA's petition for certiorari. 118 S. Ct. 2367. On July 17, the AMA filed a petition for rehearing of that denial.

DISCUSSION

The decision of the court of appeals does not create a conflict among the circuits. In our view, neither the petition filed by PMIC nor the petition filed by the

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[6] After the Ninth Circuit rendered its judgment, the AMA renounced its rights under the exclusivity clause. AMA C.A. Pet. for Reh'g 9 n.3.

[7] The court of appeals originally also stated that "[b]ecause [PMI] need not establish an antitrust violation [to make out a claim of copyright misuse], we need not consider the AMA's antitrust defenses." Pet. App. A14. The court later amended its opinion to omit that sentence. *Id.* at C2.

AMA presents any question warranting this Court's review.[8]

1. PMIC does not now dispute that the CPT was properly copyrighted when it was originally issued in 1966. PMIC contends that AMA's copyright was thereafter terminated when the federal government required medical professionals to use the CPT when seeking reimbursement under federal programs. Under PMIC's view, the CPT has now become law; the public has a right of access to the law; and, consequently, no private organization can hold a copyright on such "law." In support of its position, PMIC places primary reliance on *Banks* v. *Manchester*, 128 U.S. 244 (1888), which held that judicial decisions are not copyrightable.

a. *Banks* was an interpretation of the then-existing copyright statute. The *Banks* Court held that judicial opinions cannot be copyrighted because "[i]n no proper sense can the judge who, in his judicial capacity, prepares the opinion or decision * * * be regarded as their author or their proprietor, in the sense of [the copyright statute]." 128 U.S. at 253. Rather, the Court held that judges "can have no proprietorship [i.e. copyright], as against the public at large, in the fruits of their judicial labors." *Ibid.* Citing its prior decision in *Wheaton* v. *Peters*, 33 U.S. (8 Pet.) 59 (1834), the Court stated: "The whole work done by the judge constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all, whether it is a declaration of unwritten law, or an interpretation of a constitution or statute." 128 U.S. at 253.

Banks has no application to the present case for two reasons. *Banks* addressed the copyright status of opinions written by judges to announce their

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[8] In accordance with the letter from the Office of the Clerk dated April 13, 1998, see 97-1567 Pet. for Reh'g Exh. 2a, we address both the PMIC and the AMA petitions in this brief.

decisions and reasoning in cases before them; it did not address any question regarding the copyright status of a work authored by a private entity. The incorporation by reference of the CPT into federal regulations does not alter the fact that its author was the AMA, which wrote it as a private organization and not in the course of public employment. Nothing in *Banks*, the copyright statute, or public policy mandates that a private organization may not be the author, for purposes of copyright law, of what it writes. See *Community for Creative Non-Violence* v. *Reid*, 490 U.S. 730, 737 (1989) ("As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection.").

Second, this Court's decision in *Banks* addressed the question whether a judicial opinion could receive copyright protection. This case by contrast concerns the termination of copyright protection for a work that was concededly entitled to such protection at the time it was written. Nothing in the Copyright Act—either at the time of *Banks* or at present—would permit a termination of copyright protection in these circumstances.[9] And, most assuredly, *Banks* in no way suggests that a judicial opinion upholding the validity of a copyright would, if it quoted the copy

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[9] The distinction between works created by the government and private works used by the government is embodied in 17 U.S.C. 105, which provides: "Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise." In 1976, the House Committee confirmed that "publication or other use by the Government of a private work would not affect its copyright protection in any way." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 60 (1976).

righted work verbatim, thereby terminate the very copyright it sought to uphold.[10]

b. The court of appeals considered *Banks* to stand also for the proposition that there is a "due process requirement of free access to the law" that may be implicated in some cases in which private parties have enforceable copyrights. Pet. App. A7. Whether or not *Banks* decides this issue, we agree that due process requires that persons subject to the law have a right to reasonable access to its requirements. Because access to the CPT is indispensable to obtaining reimbursement to which a health care provider may be entitled under the law, due process may prohibit HCFA from requiring use of the CPT codes if reasonable public access to those codes is not available.

There is no suggestion in this case, however, that the AMA's copyright on the CPT has interfered with reasonable access to the requirements of the law. The AMA exclusively publishes and distributes the CPT, charging health care professionals $40 to $50 per copy. ER, vol. II, CR10 at 6. But due processs turns on whether the law is available to all those governed by it, not on the number of sources from which it is available. There is no contention that the AMA has refused to deal with anyone seeking to purchase the CPT or that the CPT is anywhere unavailable or difficult to obtain.

If the AMA arbitrarily refused to sell the CPT to some or all buyers, a problem of notice conceivably might arise, with attendant due process concerns for the administration of federal health care programs. There is no reason to suppose, however, that the government could not deal with such a problem adequately and promptly. The court of appeals sug-

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[10] No question is presented in this case concerning fair use (or alleged infringement) by others of the copyrighted work in the course of reproducing a public document, such as a judicial opinion, in which the copyrighted work is quoted verbatim.

gested solutions that might be employed if, for any reason, persons became unable to secure copies of the CPT from the AMA.[11] Because this case presents no problems of lack of access, however, the propriety and necessity of such remedies are not before the Court at this time.[12]

c. PMIC contends that both the court of appeals' decision in the present case and the Second Circuit's decision in *CCC Info. Servs., Inc.* v. *Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), cert. denied, 516 U.S. 817 (1995), which involved a compilation of used car valuations that a State required to be used for insurance reimbursement purposes, conflict with the First Circuit's decision in *Building Officials & Code Admin.* v. *Code Tech, Inc.*, 628 F.2d 730 (1980) (*BOCA*). *BOCA* concerned a privately developed, copyrighted model building code, which the State of Massachusetts adopted (with additions, deletions, and revisions) in administrative regulations as the state building code and arranged for the private author of the code to publish and distribute. *Id.* at 731-732. The First Circuit vacated a preliminary

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[11] The court stated: "If the AMA were to [limit or forgo publication of the CPT] HCFA would no doubt exercise its right to terminate its agreement with the AMA. Other remedies would also be available, including 'fair use' and due process defenses for infringers * * * and, perhaps most relevant, mandatory licensing at a reasonable royalty could be required in light of the great public injury that would result if adequate access to the CPT were denied." Pet. App. A8.

[12] PMIC has asserted that it does not seek simply to distribute copies of the CPT to the public, but to publish its own version of the CPT coding system with its own "corrections." Pet App. E7. Depending on the nature and extent of the "corrections," such an action might violate AMA's exclusive right, as copyright owner, to prepare derivative works. See 17 U.S.C. 106(2). But PMIC cannot justify infringing the AMA's right to prepare derivative works by invoking a due process right of other persons to public notice of the content of the CPT, as written by the AMA and employed by HCFA.

injunction that prevented another company from publishing the Massachusetts code, holding that the private author had not demonstrated a likelihood of success on the merits. *Id.* at 736.

BOCA does not conflict with the Ninth and Second Circuit decisions. Initially, the First Circuit in *BOCA* did not reach a final conclusion regarding whether a copyright in a model code would terminate when the code is adopted as law. Although suggesting some arguments both in favor of terminating the private author's copyright in the model code, see *BOCA*, 628 F.2d at 733-734, and against that result, *id.* at 736, the First Circuit expressly declined to decide the ultimate issue, holding only "that [a] final judgment should await the more complete hearing on the merits." *Id.* at 732.[13] In the 18 years since *BOCA*, the First Circuit has not returned to the issue, and it has thus never squarely concluded that a copyright—even in circumstances similar to those in *BOCA*—would terminate.

More fundamentally, unlike the plaintiff in *BOCA*, PMIC does not seek merely to reproduce "an official copy," *BOCA*, 628 F.2d at 732, of the text of a statute that has been enacted into law or of regulations that have been duly promulgated. Instead, PMIC wants to

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[13] "While we do not rule finally on the question, we cannot say with any confidence that the same policies applicable to statutes and judicial opinions may not apply equally to regulations of this nature." *BOCA*, 628 F.2d at 735. The court explained that it was hesitant to reach a firm conclusion on whether copyrighted material adopted as law would retain copyright protection:

> In the lower court, the parties dealt but briefly with the matter, and the district court itself did not allude to it in its dictated opinion. The question is not only one of first impression but may be of importance in view of a possible trend towards state and federal adoption, either by means of incorporation by reference or otherwise of model codes.

Id. at 736.

reproduce the CPT, a privately produced and copyrighted work that is referred to in federal regulations. For that reason, even a holding that the plaintiff in *BOCA* could freely reproduce an official copy of the Massachusetts Code maintained in the State Secretary's office would not control the disposition of a case like this, in which the copyright owner has never permitted the copyrighted work itself to be reproduced as a federal statute or regulation.[14]

2. PMIC also claims (Pet. 25-30) that, in view of the government's requirement that health care professionals use the CPT to obtain reimbursement, the CPT is uncopyrightable because copyright protection does not extend to "any idea, procedure, process, *system*, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. 102(b) (emphasis added). PMIC argues that the court of appeals held that the CPT is a "system," but, contrary to Section 102(b), nevertheless upheld the AMA's copyright because "other systems are available or may be created." Pet. 29.

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[14] Indeed, *BOCA* involved the enactment of a model code that "carr[ied] sanctions of fine and imprisonment for violations." 628 F.2d at 734. Because of those criminal sanctions, *BOCA* implicated the full rigor of the requirement that criminal laws must "give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly." *Grayned* v. *City of Rockford*, 408 U.S. 104, 108-109 (1972). The requirements at issue here and in *CCC Information Services*—that the copyrighted work be used to obtain government reimbursement or measure insurance payments—are not backed up by any such sanctions and, unlike the model code in *BOCA*, they do not govern primary behavior. Accordingly, somewhat more relaxed requirements of public notice apply. Cf., *e.g.*, *Carpenter* v. *Pennsylvania*, 58 U.S. (17 How.) 456, 462 (1854) (ban on ex post facto laws does not apply to civil matters); *Burgess* v. *Salmon*, 97 U.S. 381, 385 (1888).

As used in Section 102(b), however, the term "system" has a particular connotation relating to fundamental principles of copyright law. See *Warren Publ'g, Inc.* v. *Microdos Data Corp.*, 115 F.3d 1509, 1517 n.22 (11th Cir.), cert. denied, 118 S. Ct. 397 (1997). Section 102(b)'s exclusion of "systems," etc., from copyright protection embodies the copyright law's "basic dichotomy between expression and idea." *Feist Publications, Inc.* v. *Rural Tel. Serv. Co.*, 499 U.S. 340, 356 (1991) (quoting H.R. Rep. No. 1476, 94th Cong., 2d Sess. 57 (1976); S. Rep. No. 473, 94th Cong. 1st Sess. 54 (1975)). Copyright protection extends only to the expression of an idea, not to the idea itself. *Baker* v. *Selden*, 101 U.S. 99 (1880).

The Ninth Circuit did not state or imply that the CPT is a "system" in the sense in which that term is used in Section 102(b), or that the court understood the AMA's copyright protection to extend to the *idea* of a system of codes, or to the ideas embodied in the CPT, rather than to the AMA's particular expression of those ideas. The mere fact that the Ninth Circuit referred to the CPT as a "system" in the ordinary sense, see, *e.g.*, Pet. App. A2, A11 n.8, did not amount to a holding that it is a "system" under Section 102(b) but nonetheless protectable by copyright.[15]

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[15] PMIC contends (Pet. 25-30) that there is a conflict in the circuits regarding whether Section 102(b) systems may be protected by copyright where alternative systems are available. No court, however, has held that "a system may be protected by copyright as long as other competitive systems are available." Pet. 26. In *Toro Co.* v. *R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986), the Eighth Circuit simply refused a "literal application of [Section 102(b)'s] language," that would lead to the conclusion that a work that in ordinary parlance could be termed a "parts numbering system" would necessarily be ineligible for copyright protection under Section 102(b). In *American Dental Ass'n* v. *Delta Dental Plans Ass'n*, 126 F.3d 977, 980-981 (7th Cir. 1997), the Seventh Circuit rejected the proposition that every "taxonomy" is a "system" under Section 102(b), and it held that the American Dental Association's *Code*

The CPT may indeed be essential to the operation of the government's medical reimbursement system. As the Seventh Circuit said of a similar code, however, the fact that the uses of a code include systems does not mean the code itself is a system. *American Dental Ass'n*, 126 F.3d 977, 980-981 (7th Cir. 1997). In the present case, the Ninth Circuit had no occasion to reach any general holding regarding the application of the term "system" in Section 102(b) to the CPT. Although one heading in PMIC's brief in the court of appeals referred to "System and Method of Operation," the text under that heading—less than half a page in total—argued only that the CPT is a "method of operation," not that it is a "system." PMIC C.A. Br. 21; PMIC C.A. Reply Br. 13 (contending that the AMA had "misunderstood PMIC's argument that the CPT is an uncopyrightable system under 17 U.S.C. § 102(b)."). Moreover, as the court of appeals indicated, Pet. App. A11 n.8, PMIC's argument was that government requirements postdating both creation and valid copyrighting of the CPT transformed it into an uncopyrightable "method of operation." The argument does not suggest that the CPT was uncopyrightable under Section 102(b) when it was created, or that it would be uncopyrightable under Section 102(b) absent governmental adoption.

Nor can the general rule that PMIC claims to find in the opinion—that the possibility of creating other systems is alone sufficient to remove a system from Section 102(b)—be detected in the court's brief footnote reference to Section 102(b). Pet. App. A11 n.8. The footnote to which PMIC directs its attack does not even refer to any argument that the CPT is a

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of Dental Procedures and Nomenclature—a work strikingly similar in character to the CPT—was not a Section 102(b) "system." Neither *Toro* nor *American Dental* can be read to hold that the possibility or availability of alternative systems alone renders Section 102(b) inapposite.

Section 102(b) "system," much less reach a holding on that point. Instead, the footnote recites that it is responding to PMIC's argument "that the CPT is an uncopyrightable industry standard or 'idea' under section 102(b) * * * *because HCFA mandates use of CPT codes in Medicaid applications.*" *Ibid.* (emphasis added). With respect to that argument, the court's holding was not that the possibility of developing an alternative would in all cases preclude a finding that a given work was non-copyrightable. Instead, its holding was that recognizing a copyright in the circumstances of this case "does not stifle independent creative expression in the industry." *Ibid.* Indeed, the court recognized that the precise scope of the copyright protection afforded the CPT was not before it, stating that while the AMA's copyright "prevents wholesale copying" of the CPT, it would not "prevent [PMIC] or the AMA's competitors from developing comparative or better coding systems and lobbying the federal government and private actors to adopt them." *Ibid.*[16]

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[16] In light of the posture of this case, which arose from PMIC's request for a declaratory judgment that the CPT itself is non-copyrightable, the Ninth Circuit had to go no further than to hold that "wholesale copying" of the CPT is impermissible. The CPT is a reference work containing code numbers, descriptions, guidelines, and definitions. See Pet. App. E2-E3. Even if PMIC were correct that the code numbers and definitions contained within the CPT constitute an uncopyrightable system, that would not alter the copyright ability of the work as a whole. Faced with a claim of infringement, or for a declaratory judgment of noninfringement, a court might appropriately analytically dissect the CPT and determine which elements are protected by the AMA's copyright and which are not. See, *e.g.*, *Apple Computer, Inc.* v. *Microsoft Corp.*, 35 F.3d 1435 (9th Cir. 1994), cert. denied, 513 U.S. 1184 (1995); *Computer Assoc. Int'l, Inc.* v. *Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992). But that is not the case that PMIC brought. Questions that may arise concerning fair use of particular elements also are not presented here.

PMIC's argument (Pet. 23-24) that the AMA's copyright is invalid under the doctrine of merger is also without merit. The doctrine of merger "is designed to prevent an author from monopolizing an idea merely by copyrighting a few expressions of it" when "the idea behind the expression is such that it can be expressed only in a very limited number of ways." *Toro Co.* v. *R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986). PMIC does not contend that idea and expression merged at the time the AMA received a copyright on the CPT; its argument is entirely that "[t]he idea and expression *of a law* necessarily merge." Pet. 24 (emphasis added). PMIC cites no authority for the proposition that a user's decision to use a copyright in a particular way (*e.g.*, a governmental entity's decision to incorporate the copyrighted material by reference in regulations) can create a merger and thus terminate a copyright that was originally valid.

3. The court of appeals held that the AMA misused its copyright on the CPT because of the contractual condition that required HCFA not to use any other system of nomenclature during the life of the licensing agreement. Regardless of the merits of that holding, the AMA has taken steps to purge itself of any possible misuse by renouncing the exclusivity clause, see note 6, *supra*, and the court's holding regarding misuse therefore may well have limited effects. Review of the misuse issues raised by the AMA in its petition in No. 97-1567 prior to a more definite indication of the ongoing consequences of the court of appeals' decision would be premature.

In any event, we do not believe that any of the issues presented by the petition in No. 97-1567 warrants review by this Court. The AMA does not assert that there is a conflict among the circuits with respect to the existence *vel non* of a copyright misuse defense. The Ninth Circuit's rulings re-

garding the copyright misuse doctrine neither raise important questions of federal law that require review by this Court at this time nor decide important federal questions that conflict with the relevant decisions of this Court.

a. The defense of copyright misuse was first applied by a court of appeals to bar an action for copyright infringement in *Lasercomb America, Inc.* v *Reynolds*, 911 F.2d 970 (4th Cir. 1990).[17] Since that time, two additional courts of appeals have recognized the defense—the Ninth Circuit in the opinion below and the Fifth Circuit in *DSC Communications Corp.* v. *DGI Techs, Inc.*, 81 F.3d 597 (1996). Other courts have reserved the question whether the defense of copyright misuse exists. See, *e.g.*, *Data General Corp.* v. *Grumman Sys. Support Corp.*, 36 F.3d 1147, 1169-1170 (1st Cir. 1994); *Reed-Union Corp.* v. *Turtle Wax, Inc.*, 77 F.3d 909, 913-914 (7th Cir. 1996). No court has categorically held that misuse of a copyright would have no effect on the copyright's enforceability.

In light of the limited development and relatively rare invocation of the copyright misuse defense in the courts of appeals, the issue of the doctrine's existence (and scope if it does exist) is not ripe for review by this Court. As Justice Frankfurter observed, review by this Court is generally not warranted before an issue has been fully considered by the lower courts: "It may be desirable to have different aspects of an issue further illuminated by the lower courts. Wise adjudication has its own time for ripening." *Maryland* v. *Baltimore Radio Show*, 338 U.S. 912, 918

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[17] See also *M. Witmark & Sons* v. *Jensen*, 80 F. Supp. 843 (D. Minn.), appeal dismissed, 177 F.2d 515 (8th Cir. 1948). Cf. *Broadcast Music, Inc.* v. *Columbia Broadcasting System*, 441 U.S. 1, 24 (1979) (reversing "copyright misuse judgment dependent upon" antitrust judgment, on the ground that the antitrust judgment was erroneous).

(1950). Future analysis by the lower courts, which may encounter the copyright misuse defense in a variety of factual contexts, will shed more light on whether a copyright misuse doctrine should be recognized and, if so, what its scope should be.

b. Because it would be premature for this Court to consider whether the defense of copyright misuse should be recognized at all, it is also unnecessary at this time for the Court to consider whether the defense should be limited to instances of antitrust violations. Moreover, we do not agree with the AMA that there is presently a conflict in the circuits on this issue. In the primary case relied upon by the AMA, *Saturday Evening Post Co.* v. *Rumbleseat Press, Inc.*, 816 F.2d 1191, 1200 (7th Cir. 1987), the Seventh Circuit "h[e]ld that a no-contest clause in a copyright licensing agreement is valid unless shown to violate antitrust law." The court did not hold that copyright misuse, if recognized as a defense to a copyright infringement action, would in all cases depend on proof of an antitrust violation. Although the other cases cited by the AMA (Pet. 19-20) discuss the competitive impact of various practices attacked as copyright misuse on the ground that they violated the antitrust laws,[18] none of them squarely holds that establishing copyright misuse would in all instances require proof that the copyright holder had violated the antitrust laws. Accordingly, none of these decisions conflicts with the Ninth Circuit's decision in this case.

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[18] See *BellSouth Adver. & Publ'g Corp.* v. *Donnelly Info. Publ'g, Inc.*, 933 F.2d 952, 961 (11th Cir. 1991), rev'd on other grounds, 999 F.2d 1436 (11th Cir. 1993) (en banc); *United Tel. Co.* v. *Johnson Publ'g Co.*, 855 F.2d 604, 611-612 (8th Cir. 1988); *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, 497 F.2d 285, 290-291 (10th Cir. 1974), cert. denied, 419 U.S. 1120 (1975).

c. Finally, the AMA asks this Court to grant its petition to review the question "whether obtaining a government contract with an anticompetitive restriction is conduct protected under the First Amendment." 97-1567 Pet. 24. The AMA argues that, under the *Noerr-Pennington* doctrine, the First Amendment proscribes withdrawal of copyright protection on the basis of a copyright misuse defense that is based on the terms in a contract with the government.

The *Noerr-Pennington* doctrine developed as a construction of the Sherman Act. See *Eastern R.R. Presidents Conference* v. *Noerr Motor Freight, Inc.*, 365 U.S. 127, 136-140 (1961); *United Mine Workers* v. *Pennington*, 381 U.S. 657 (1965); *FTC* v. *Superior Court Trial Lawyers Ass'n*, 493 U.S. 411, 424 (1990). Under the doctrine, "[c]oncerted efforts to restrain or monopolize trade by petitioning government officials are protected from antitrust liability." *Allied Tube & Conduit Corp.* v. *Indian Head, Inc.*, 486 U.S. 492, 499 (1988).

The court of appeals in this case did not adopt a "commercial or government contract exception" to the *Noerr-Pennington* doctrine, as the AMA claims. See 97-1567 Pet. 24. Instead, the court of appeals held that the AMA had failed to make out the key factual premise of the *Noerr-Pennington* doctrine—an attempt to petition the government. The court of appeals' entire discussion of the issue consists of a one-sentence response to the AMA's one-paragraph argument, stating that "[b]ecause the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake." Pet. App. A14. For that reason—and not because of any adoption of a "commercial exception"—the court refused to apply the *Noerr-Pennington* doctrine.

Even if mistaken, the court of appeals' fact-bound ruling that the AMA had not shown that it engaged

in any lobbying that could trigger the protection of the *Noerr-Pennington* doctrine would not warrant further review. In any event, the Ninth Circuit's conclusion was well-supported by the record; the AMA itself argued to the court that "it did not insist HCFA use only the CPT; rather, HCFA decided to use a single code to take advantage of natural efficiencies." Pet. App. A12. The agreement between HCFA and the AMA thus appears to have resulted wholly from the government's need for a code to utilize in processing health care reimbursement requests. There is no aspect of it that could reasonably be said to have involved petitioning the government—the right protected by *Noerr-Pennington*.[19]

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[19] For this reason, this case does not conflict with the Fifth Circuit's decision in *Greenwood Utils. Comm'n* v. *Mississippi Power Co.*, 751 F.2d 1484 (1985), as the AMA suggests. 97-1567 Pet. 25-27. In *Greenwood Utils.*, a power company attempted to convince Congress and the Southeastern Power Administration, a component of the Department of Energy, that marketing federal hydropower through existing facilities of their companies would be the best policy for the government to adopt. 751 F.2d at 1491. The Fifth Circuit stated that the utility's efforts to convince the government to adopt its suggested marketing policy were undoubtedly protected by the First Amendment under the *Noerr-Pennington* doctrine. *Id.* at 1498-1501. Because there was no such petitioning activity in this case, the Ninth Circuit's decision here does not conflict with the Fifth Circuit's decision in *Greenwood Utilities*.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari in No. 97-1254 should be denied and the petition for rehearing in No. 97-1567 should be denied.

Respectfully submitted.

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No. 97-1254

IN THE
Supreme Court of the United States
OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORPORATION,
Petitioner,

vs.

AMERICAN MEDICAL ASSOCIATION,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITIONER'S SUPPLEMENTAL BRIEF IN RESPONSE TO BRIEF FOR THE UNITED STATES

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LIST OF PARTIES TO THE PROCEEDINGS PURSUANT TO RULE 29.6

The List of Parties to the Proceedings is contained in the Petition for Writ of Certiorari filed with this Court on February 2, 1998.

TABLE OF CONTENTS

Page #

I. THE UNITED STATES IGNORES THE IMPORTANCE OF THIS CASE AND THE FEDERAL POLICY OF ADOPTING PRIVATELY WRITTEN STANDARDS AS LAW 1

II. THE UNITED STATES DOES NOT CONFRONT THE CIRCUIT CONFLICT 3

III. THE UNITED STATES PROVIDES NO REASON IN LAW OR POLICY FOR REJECTING THE FIRST CIRCUIT'S DUE PROCESS ANALYSIS AND ALLOWING THE NINTH CIRCUIT'S DECISION TO STAND 6

IV. IN DISTINGUISHING *BANKS v. MANCHESTER*, THE UNITED STATES MISCHARACTERIZES PMIC'S REASONS FOR GRANTING CERTIORARI 7

V. THE UNITED STATES FAILS TO EXPLAIN HOW THE CPT COPYRIGHT SURVIVES UNDER THE MERGER DOCTRINE 8

TABLE OF CONTENTS
(Cont'd.)

Page #

VI. THE UNITED STATES HAS FAILED TO EXPLAIN HOW A WORK ESSENTIAL TO THE OPERATION OF THE GOVERNMENT'S MEDICAL REIMBURSEMENT SYSTEM IS NOT A SYSTEM UNDER 17 U.S.C. § 102(b) 9

CONCLUSION 10

TABLE OF AUTHORITIES

Page #

Baker v. Selden,
101 U.S. 99 (1880) 9

Banks v. Manchester,
128 U.S. 244 (1888) 7,8

Banks v. West,
27 F. 50 (C.C.D. Minn. 1886) 3

Building Officials & Code Admin. v. Code Tech., Inc.,
628 F.2d 730 (1st Cir. 1980) 3,4,6,7

CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.,
44 F.3d 61 (2d Cir. 1994) 3

Fox Film Corp. v. Doyal,
286 U.S. 123 (1932) 3

OTHER AUTHORITIES

17 U.S.C. § 102 9,10

42 U.S.C. § 1320d-5 (Supp. 1997) 5

TABLE OF AUTHORITIES
(Cont'd.)

Page #

Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191, 110 Stat. 2021 (1996) 5

58 Fed. Reg. 57,643 (1993) 1

61 Fed. Reg. 59,490 (1996) 5

S. Rep. No. 56-1473, (1st Sess. 1900) 2

ROBERT L. STERN, ET AL., SUPREME COURT PRACTICE, § 6.39 (7th ed. 1993) 1

Pursuant to Supreme Court Rule 15.8, Petitioner Practice Management Information Corporation ("PMIC") respectfully submits this Supplemental Brief in response to the Brief for the United States as Amicus Curiae. *See* ROBERT L. STERN, ET AL., SUPREME COURT PRACTICE, § 6.39 at 377 (7th ed. 1993) (supplemental brief may be filed to respond to amicus brief of the United States).

I.
THE UNITED STATES IGNORES THE IMPORTANCE OF THIS CASE AND THE FEDERAL POLICY OF ADOPTING PRIVATELY WRITTEN STANDARDS AS LAW

The very first reason presented by PMIC for granting certiorari was the importance of the questions presented. *See* PMIC Pet. at 15-18. As PMIC explained, there has been a proliferation of privately drafted regulations, due in large part to a federal policy of adopting privately written standards as federal regulations whenever possible. OMB Circular No. A-119, 58 Fed. Reg. 57,643, 57,644-45 (1993). The Ninth Circuit's conclusion that these many regulations are protected by copyright, along with a similar decision by the Second Circuit, seriously threaten the public's right to publish the laws for the first time in 150 years.

The government's brief completely ignores the importance of the questions presented. The government does not discuss the widespread proliferation of privately drafted regulations. Nor does it discuss what impact, if any, resolution of this case could have on its policy of adopting privately written standards, or on the process of enacting regulations in general. Indeed, the government mentions its policy only in a footnote, without comment. Br. of United States at 2 n.2.

Moreover, the government's brief does not explain why it has implemented its policy in this case and in others at the expense of the public's right to publish the laws. The public's right would still be secure had the government purchased outright the copyrights in the CPT and in the other privately drafted works that the government has adopted into law. Indeed, this is the approach endorsed by the Senate a century ago.[1] Instead, the government has given the AMA the exclusive right to publish the federal regulations it has written, a right which ***prevents even the government itself from publishing those regulations.*** The government does not even attempt to justify this impairment of the public's longstanding right to publish the laws, or to downplay its importance.

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[1] As the Senate Committee on Printing explained in denouncing a private claim of copyright in a compilation of presidential papers:

> If the services of any author or compiler employed by the Government require to be compensated, payment should be made in money frankly and properly appropriated for that purpose, and the resulting book or other publication in whole and as to any part should be always at the free use of the people, and this, without doubt, was what Congress intended.

S. Rep. No. 56-1473, at 2 (1st Sess. 1900).

II.
THE UNITED STATES DOES NOT CONFRONT THE CIRCUIT CONFLICT

The government asserts that the Ninth Circuit's decision in the present case and the Second Circuit's decision in *CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994) (*CCC*), do not conflict with the First Circuit's decision in *Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980) (*BOCA*). Br. of United States at 5, 9-11. However, the government's efforts to distinguish *BOCA* from the present case and from *CCC* are strained at best.

The government first asserts that the *BOCA* court merely "suggest[ed] some arguments both in favor of terminating the private author's copyright in the model code, and against that result." Br. of United States at 10 (citations omitted). This badly distorts the First Circuit's decision. The First Circuit could not have stated more clearly its view that copyright protection for privately drafted laws is contrary to the very concept of democratic government and violates Due Process. *BOCA*, 628 F.2d at 734-35 (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123 (1932), and *Banks v. West*, 27 F. 50, 57 (C.C.D. Minn. 1886)).

It is true that *BOCA* was decided on appeal from a preliminary injunction, and the First Circuit refused to prejudge any appeal from a final judgment. *Id.* at 736. That, however, does not lessen the circuit conflict or undermine the reasoning or holding of the First Circuit.

The government next asserts that *BOCA* is distinguishable because "PMIC does not seek merely to reproduce 'an official copy' of the text of a statute that has been enacted into law or regulations that have been duly promulgated." Br. of United States at 10. PMIC is at a loss to understand this proposed distinction. PMIC does indeed seek merely to reproduce "an official copy" of a regulation that has been enacted into law – the CPT. That the CPT is published by the AMA, not the government, does not make it any less "official," nor distinguish this case from *BOCA* which involved a privately published work. *BOCA*, 628 F.2d at 732.[2]

In a related argument, the government asserts that *BOCA* is distinguishable because the AMA "has never permitted the copyrighted work itself to be reproduced as a federal statute or regulation." Br. of United States at 11. However, the AMA's refusal to permit even the government to reproduce the CPT – in the *Federal Register*, the *Code of Federal Regulations*, or anywhere

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[2] The government's argument may be based upon a misunderstanding of the facts of this case. The government apparently believes that PMIC plans to modify the CPT. Br. of United States at 3, 9 n.12. This perhaps forms the basis for the government's claim that PMIC does not wish to create "an official copy" of the CPT. PMIC, however, does not plan to modify the CPT. At most, PMIC would correct obvious typographical errors (*see* Clerk's Record 10 ¶ 36); and PMIC would gladly not do so if this Court concluded that such corrections were for some reason impermissible.

else – serves only to enhance the importance of the public's right to publish in this case.[3]

Next, the government argues in a footnote that *BOCA* is distinguishable because the *BOCA* regulations "carr[ied] sanctions of fine and imprisonment for violations." Br. of United States at 11 n.14. This argument is meritless because the present case is no different. As PMIC explained in its Petition, the *Health Insurance Portability and Accountability Act of 1996*, Pub. L. No. 104-191, 110 Stat. 2021 (1996), 42 U.S.C. § 1320d *et seq.*, imposes fines upon any Medicare or Medicaid participant who fails to comply with the "standards" adopted by HCFA, including the CPT. *See* PMIC Pet. at 9; 42 U.S.C. § 1320d-5(a) (Supp. 1997).

Finally, in an effort to avoid the circuit conflict, the government improperly rewrites the first question presented. The United States asserts that the issue before this Court is whether a "work that is ***refered to*** in federal regulations" loses copyright protection, or whether "the ***incorporation by reference*** of the CPT into federal regulations" ends the AMA's copyright in the CPT. Br. of United States at 7, 11 (emphasis added). *See also id.* at 7-8 (quoting a copyrighted work in a judicial opinion does not terminate the copyright). However, the question actually before this Court is whether a private author may enforce a copyright in a work which has been ***adopted***

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[3] The government's argument is also factually inaccurate. The AMA has permitted the government to reproduce all 5,000+ CPT code numbers (but not the entire corresponding medical descriptions) as part of the Medicare Fee Schedule. The government publishes the Medicare Fee Schedule annually in the *Federal Register*. *See, e.g.*, 61 Fed. Reg. 59,490, 59,556-712 (1996).

into law. *See* PMIC Pet. at i. That is the issue which the Ninth Circuit addressed below,[4] and that is the issue which PMIC raised in its Petition. *Id.* at i, 15-24. The government has provided no basis for its recharacterization of the issue before this Court, and there is none.

III.
THE UNITED STATES PROVIDES NO REASON IN LAW OR POLICY FOR REJECTING THE FIRST CIRCUIT'S DUE PROCESS ANALYSIS AND ALLOWING THE NINTH CIRCUIT'S DECISION TO STAND

As explained in PMIC's Petition, the First Circuit in *BOCA* provided a detailed explanation of why a copyright in privately drafted laws is contrary to basic democratic principles and Due Process. *See* PMIC's Pet. at 18-21. Indeed, the First Circuit's decision contains the most thorough analysis of this issue in any judicial opinion.

The government's brief does not identify a single flaw in the First Circuit's analysis. Indeed, the government does not even expressly state that it disagrees with the First Circuit's decision. Instead, the government advances its own unsupported theory of Due Process

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[4] Specifically, the Ninth Circuit described the issue of first impression now facing this Court as follows:

> The Supreme Court has not considered a case in which the author asserted a proprietary interest in material adopted by the government as law.

A8-A9.

which does not even speak to the question presented in this case.

Specifically, the government asserts that "due process turns on whether the law is available to all those governed by it, not on the number of sources from which it is available." Br. of United States at 8. This argument misses the point. The issue here is not whether Due Process requires multiple publishers for all laws. Rather, the issue is whether ***the government*** may, through the copyright laws and by contract, affirmatively limit publication and distribution of the laws to a single source. *BOCA* held that this violates Due Process and basic principles of democratic government. *BOCA*, 628 F.2d at 734-35. The government has provided no argument to the contrary. The government's inability to find any flaw in the First Circuit's reasoning confirms that the First Circuit, not the Ninth Circuit, has correctly analyzed this important issue, and that this Court should grant certiorari to resolve this circuit conflict.

IV.
IN DISTINGUISHING *BANKS v. MANCHESTER*, THE UNITED STATES MISCHARACTERIZES PMIC'S REASONS FOR GRANTING CERTIORARI

The government asserts that "PMIC places primary reliance on *Banks v. Manchester*, 128 U.S. 244 (1888)." Br. of United States at 6. The government then argues at length that *Banks* is factually distinguishable from the present case. *Id.* at 6-8.

The government's efforts to distinguish *Banks* are entirely misplaced. PMIC never placed "primary reliance" on *Banks* and never asserted that *Banks* is controlling here.

To the contrary, PMIC argued that the absence of a controlling Supreme Court precedent on an important point of law which has divided the circuit courts is an affirmative reason for granting certiorari. PMIC Pet. at 15-22.

Indeed, PMIC emphasized the very point argued by the government – that "[t]his Court has never been confronted with a case in which a private author has asserted a copyright in the laws it has written." *Id.* at 18. In distinguishing *Banks* factually, the government has merely confirmed what is undisputed.

In addition, the government's attempt to limit *Banks* to its facts, without consideration of its reasoning, would invite evasion of *Banks* and the public's right to publish laws and regulations. Under the government's view, whenever the government assigns the task of drafting regulations to a private party, rather than a government employee, the public has no right to publish the resulting regulations. Surely, something as fundamental as the public's right to publish laws and regulations cannot depend upon a distinction as technical and fleeting as the author's status as an independent contractor or an employee. Yet, the government and the Ninth Circuit believe that it does.

V.
THE UNITED STATES FAILS TO EXPLAIN HOW THE CPT COPYRIGHT SURVIVES UNDER THE MERGER DOCTRINE

In its Petition, PMIC argued that a law can be expressed in only one way and, therefore, any purported copyright in a law is necessarily invalid under the merger doctrine of copyright law. PMIC Pet. at 23-24. The

government's only response is its bald assertion that a merger cannot invalidate a copyright unless the merger occurs at the time the work is first written. Br. of United States at 15.

The government's argument is meritless. First, the government cites no authority for its interpretation of the merger doctrine. Second, the government makes no attempt to reconcile its time-sensitive view of the merger doctrine with the basic merger principles recited in PMIC's Petition. Finally, the government makes no attempt to explain how a copyright in the law, which necessarily must be written in only one way, can possibly be consistent with the merger doctrine.

VI.
THE UNITED STATES HAS FAILED TO EXPLAIN HOW A WORK ESSENTIAL TO THE OPERATION OF THE GOVERNMENT'S MEDICAL REIMBURSEMENT SYSTEM IS NOT A SYSTEM UNDER 17 U.S.C. § 102(b)

The government concedes that "[t]he CPT may indeed be essential to the operation of the government's medical reimbursement system." Br. of United States at 13. In view of this concession, its assertion that the CPT is not a system under 17 U.S.C. § 102(b) is untenable.

As the government recognizes, Section 102(b) embodies the foundational restrictions on copyright first recognized by this Court in *Baker v. Selden*, 101 U.S. 99 (1880). There, this Court held that a system of bookkeeping, ***and the forms necessary to use the system***, were beyond the scope of copyright protection. *Id.* at 104-05, 107. Because the CPT is concededly essential to the operation of the government's medical reimbursement

system, the AMA's copyright in the CPT is necessarily invalid.

The government criticizes PMIC for overstating the Ninth Circuit's holding rejecting PMIC's Section 102(b) argument. PMIC, however, did not and for that reason specifically limited its second question presented to privately written reference works which have been adopted as official legally mandated systems. PMIC Pet. at i. Those are the very circumstances which the government concedes are present, and which the Ninth Circuit directly addressed. A11 n.8. Thus, the second question presented is squarely before this Court.

CONCLUSION

The government has not rebutted PMIC's reasons for granting its Petition for Writ of Certiorari. It has ignored the importance of the questions presented, and has failed to reconcile the conflict between the First, Second, and Ninth Circuits. Accordingly, this Court should grant PMIC's Petition.

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